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EDITORIAL

As We See It

The President is again asking Congress to appropriate large sums of money to be expended in the education of the American people, adults as well as the younger generation. In doing so he places "principal emphasis on our national security requirements." He seeks better and more training in science and mathematics. He places his program before Congress as a temporary measure made necessary, so he believes, by the needs of defense. He is careful to begin with a carefully prepared statement to the effect that education is and ought to be primarily a local function locally financed, adding that "the bond linking home and school and community . . . is a precious asset of American education." But, so he explains, exigent circumstances make it necessary to take certain steps which, however, must not be permitted to weaken this bond.

There can be no doubt that the President is reflecting a rather general feeling of uneasiness aroused by the Russian sputniks and what is believed to be the implications of the success the Soviet has had in placing these relatively large objects in orbit. Whatever success the Chief Executive may have in persuading Congress to accept his particular program at this time, it appears clear that the great rank and file are definitely uneasy and in a mood to demand something from the Federal Government. For our part, we do not fully share the popular notion of the vast importance of these Russian triumphs, but there can be little doubt that they have created a sensation throughout large sections of the globe. Nor is there room for doubt that we are in danger of a shortage of men trained

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Stock Market Prospects

By AUGUST HUBER

Partner, Spencer Trask & Co., New York City
Members: New York and American Stock Exchanges

Mr. Huber explains why market may hold awhile or even extend recovery moderately further; suggests certain selected issues for purchase on a downward averaging scale; and advises keeping buying power reserve should present intermediate movement not prevent completion of primary downtrend. The author attributes present improvement to increased confidence regarding plans for public spending, tax, monetary-credit sectors and to optimistic utterances by government and business leaders, and contrasts this with forecasts of declines in capital spending, exports, inventories and profits. Notes political expediency factors influencing underlying inflation prospects, and calls attention to changed credit and debt conditions in this recession compared to earlier postwar ones.

In spite of the less favorable business news—lower business activity, declining earnings, a few dividend reductions, etc.—the stock market this week extended its recovery movement to a new high from the low point reached last October.

August Hub-

The better sentiment thus evinced apparently stems from greater confidence that Government counter-measures, primarily, will later effectively turn about the business decline now in progress.

These Government and monetary measures are:

(1) *Increased Government spending for defense:* The increase in "Obligation Authority" of some $3 billion is expected to be quickly translated into new orders for defense projects. Although the funds will not flow to the manufacturers as actual Government "expenditures" until the work is completed and paid for, an initial economic impact is felt as orders are placed. With the orders

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Quarterly Investment Company Survey

Confidence During Adversity Displayed By Funds

"Chronicle's" analysis of investment companies' portfolio operations during final quarter of 1957 reveals maintenance of long-term constructive policies toward common stocks. Overall volume of buying and selling contracted, but excess of purchases over sales was well maintained, except by most closed-end companies. Decline in acquisition of bonds noted. Stock buying concentrated chiefly in defensive groups, including foods, utilities, tobaccos; with good buying also noted in banks, drugs, oils, and papers. Mixed attitude shown toward aircrafts, airlines, motors, electricals, machinery, metals, natural gas, rails, tires, and steels.

[*Tables appearing on pages 23 and 24 show Funds' comparative investment positions; total common stock and other securities transactions; and individual common stock transactions by industry groups.*]

During the final quarter of the old year, 1957, while the common stock averages again registered a substantial decline of 9.3% net after an interim loss of 11%, most open-end fund managements maintained their long-term constructive attitudes toward common stocks. This is underlined by the portfolio activities of the open-end balanced funds with their comparatively high degree of discretion concerning the disposition of their incoming money. Of the balanced funds, 21 chose to buy equities on balance, while seven were net sellers, with two coming out about even.

In the case of the open-end stock funds under review, we find that 19 were net buyers of common stocks, while four were net sellers, with six representing an approximate stand-off.

On the other hand, the closed-end managements, not including Tri-Continental (with its inflow of cash from the exercise of its warrants), sold equities on balance during the depressed quarter. The closed-ends, presumably enjoying the highest freedom of action (including the absence of promotional window-dressing pressure), showed net liquidation of common stocks in

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SECURITIES NOW IN REGISTRATION—Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 40.

The Security I Like Best

A continuous forum in which, each week, a different group of experts in the investment and advisory field from all sections of the country participate and give their reasons for favoring a particular security.

(The articles contained in this forum are not intended to be, nor are they to be regarded, as an offer to sell the securities discussed.)

This Week's Forum Participants and Their Selections

Di-Noc Chemical Arts, Inc.—W. H. Holly, Vice - President and Secretary, Sage, Rutty & Co., Inc., Rochester, N. Y. (Page 2)

Indian Head Mills — Leon Levy, Partner, Oppenheimer & Co., New York City. (Page 2)

W. H. HOLLY

Vice-President and Secretary
Sage, Rutty & Co. Inc., Rochester, N. Y.

Di-Noc Chemical Arts, Inc.

During these uncertain times when security prices are depressed and when many companies are reporting lower sales and earnings, it is a pleasure to call attention to a company that will probably show earnings more than double of those reported in 1956. The company is DI-NOC CHEMICAL ARTS, INC. of Cleveland, Ohio.


W. H. Holly

In 1945 sales of the company were about $900,000. It is expected that sales this year will be in excess of $3,000,000. Orders received for the nine-month period ending Sept. 30, 1957 were the largest in the company's history. Top management of the company predicts that 1958, barring unforeseen economic conditions to hinder, will be even greater than 1957.

Earnings after taxes for the first nine months of the year were $179,358 as compared to $67,857 for the same period of 1956—or 67¢ a share as compared to 26¢ a share for the nine-month period. As of Dec. 31, 1956 there were 269,637 shares of stock outstanding. However, the company has recently purchased an old, established firm in St. Louis, The G. Cramer Dry Plate Co., of which it took possession on November 1. As a result of this purchase there will be an increase of the number of shares outstanding to about 280,000 shares. On the total stock it is expected that earnings will be in excess of $1.00 per share for the year ending Dec. 31, 1957. There is no bonded indebtedness and no preferred stock outstanding. However, the company does have a long-term loan on very favorable terms, both as to interest and principal payments.

The company was incorporated in 1923. From that date until 1930 it received most of its business from the advertising field in the form of point-of-sales advertising such as window valances, door signs, truck signs, etc. Early in 1930 at the suggestion of the largest company in the automotive industry, the company developed a new wood grain type transfer for the interior decoration of automobile bodies. At that time about 75% of the company's business was derived from that industry and the radio and furniture industry. At the present time, while sales to the automotive industry are substantial and considerably greater than in those years, it represents less than 18% of the total sales today.

As a result of World War II, the company suffered serious reverses for about two years as it was not equipped for the majority of the war requirements and during that period developed several new products. One of these was a photographic system for making copies of engineer's drawings, lofts, etc. and another, a dimensionally stable photographic film for industrial use. Sales of these two products have risen during the last 10 years from $80 000 in 1947 to approximately $1,500,000 in 1957.

One of the most recent developments by Di-Noc Chemical Arts, Inc. is a process for upgrading low cost plywood. This can be produced and marketed at about one-half the cost of good veneer panelling now on the market. This is being marketed under the trade name of DINOLITE through a new company formed in association with a nationally-known lumber company and with 50% of the capital owned by Di-Noc Chemical Arts, Inc. and 50% by its associate. It is expected that the new company will be in operation early in January of 1958, and for the purpose of manufacturing this material a new building has been erected in Wickliffe, Ohio.

The new company will use the Di-Noc process exclusively and will furnish distributors in various parts of the United States and Canada with prefinished plywood panels. The company will operate as an independent unit but will be under the supervision of Di-Noc Chemical Arts, Inc. Many other new products are in the process of development but are not ready for detailed explanation.

The common stock is selling around $10.50 per share in the Over-the-Counter market.

LEON LEVY

Partner, Oppenheimer & Co., New York City
Members New York Stock Exchange
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Indian Head Mills

For a textile company to report the highest earnings in its history in 1957 and for its common stock to be selling at an all-time high in today's over-the-counter market is quite unusual indeed. Indian Head Mills achieved this record. Neither its product line (cotton cloth sold over-the-counter, sheets, pillow cases, etc.) nor unusually modern plant nor any other physical advantage can account for this unique showing. It is attributable only to a management which has demonstrated two unusual talents, a combination of which is almost unheard of: financial savvy and exceptional operational ability.


Leon Levy

Indian Head Mills, since it began its independent existence in 1953, has swallowed four concerns, three almost its own size. The company's sales potential has quadrupled and total assets have more than tripled. Management's financial acumen has been demonstrated: none of these acquisitions resulted in any dilution of the common equity. Nor has debt been increased. On the contrary, it has been reduced during the past four years from nearly $5 million to almost nothing. The operational ability of President James Robinson's youthful management may be deduced from the fact that three of the four merged companies had a long record of losses under previous owners but within a matter of a few months after acquisition by Indian Head each was reporting a profit. Result: pre-tax operating earnings have soared from less than one cent per share in fiscal 1953 to last year's $5.45.

While the record, as discussed below, is perhaps the most dramatic testament to Indian's organization, I have found in conversations with the company's customers and competitors over a period of years an almost universally high regard for the way which this previously small, now medium sized company, has been directed. In fact, no other explanation for such a completely atypical success story seems possible.

What actually has happened over the past five years? Indian's counter-industry trend has been consistent since its inauspicious beginnings in February, 1953. At that time the company began its independent corporate existence, having been spun off from Textron. Inauspicious because the common stock had a book value of $1 a share with total assets of $5.1 million, subject to a whopping long term debt of $4.7 million. In a sense the debt was more real than the assets which included good will and trademarks at $300,000 and writeup of inventory over market of $430,000. In other words, there was no real equity for the common stock.

By the end of 1957 the common stockholders' equity approximated $3½ million (over $15 per share), working capital was over $5 million and total assets exceeded $13½ million. Long-term debt has been reduced to about $250,000. Good will and trademarks had been entirely written off and inventory as carried represented no overstatement. Although these figures are impressive in themselves, they do not reflect what may well turn out to be the most brilliant acquisition of Indian Head's short history — the purchase of the Franklin Process Co., a 48 year old yarn dyer and a proven earner. Even assuming no other operating gains, Franklin alone could boost Indian Head's 1958 earnings well over 1957's record results.

Indian Head's pattern of acquisitions has been a flexible one save for one consistent hard and fast rule: no dilution of common equity. The first merger was with Naumkeag Steam Cotton, a 100 year old but moribund manufacturer of Pequot sheets and pillow cases. In early 1956 each share of Naumkeag common received a new $1.25, $20 par preferred certificate (Indian Head was in reality merged into Naumkeag which resulted in the preservation of that company's $3.2 million tax loss carry forward).

The second acquisition, one of the largest and most modern cotton textile operations in the world, was owned by a Puerto Rican subsidiary of Textron. That company had been unable to operate the Ponce, Puerto Rico Mill profitably. Within a matter of weeks after Indian Head acquired it in April, 1957 (with little cash investment and no stock), the mill was contributing to Indian's earnings; and this was during one of the most depressed periods in the modern history of the textile industry.

The acquisition of J. L. Stifel in the middle of 1957 was also accomplished with preferred stock. Stifel, boasting about $10 million in yearly sales, had an unsatisfactory operating history for a number of years prior to

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1958 In Perspective

By M. H. EARP*
Assistant Trust Officer, Mercantile National Bank
Dallas, Texas

Texan investment executive: (1) finds astonishing the great publicity actual decline in capacity and capital spending received in view of numerous correct short run anticipating predictions; (2) looks upon 1958 as a "rolling adjustment" period in which deacceleration stresses of rising unemployment, inventory liquidation and acute competition will be reflected in the data, and (3) outlines fundamental factors on which he bases the longer run forecast "that we are about to enter one of the most dynamic periods of our history." Mr. Earp criticizes most prognosticators for failing to study intensively even the immediate past, and offers an industry-by-industry outlook in terms of the assumption that 1958 will not appreciably change from 1957.

At the risk of "showing my hand," I would like to make two general observations regarding the subjects of business cycles and economic forecasting. First, while business cycle theory has become much more sophisticated over the past 20 years, our knowledge of the phenomenon must still be described as crude. Consequently, I wish to avoid making the mistake made so often by so many financial analysts and particularly, professional economists who should know better. This is the mistake of "timing the turn" when both adequate theoretical tools and accurate statistical data are lacking.

Harvey Earp

Second, the field of economic forecasting has been experiencing a subtle, but constructive, shift in emphasis from short-term to long-term analysis. To avoid Lord Keynes' acid criticism that "in the long run we are all dead," let me quickly define the long-term as a one to five year period while the short-term is taken to mean a six to twelve month time span. This change in approach is important because basic economic trends frequently require the longer time periods to overcome the wide and sudden fluctuations in public psychology.

I offer these comments, not as an attempt to hedge or to evade the responsibility of appraising the current status of business, but for the purpose of establishing the limits within which an economist using scientific principles must confine himself. You may be assured that any other approach would fall into the intuitive category where your idea is probably as good as the next person's.

The fundamental truth of the proposition that the present is the product of the past while the future will be a product of the present appears so self-evident that only philosophers would argue the point. Nevertheless, I am constantly amazed at the lack of intensive study of even the immediate past by most prognosticators. Just a good memory would suffice in many cases. For example, two years ago industry was taking a very hard look into the future for the purpose of planning long range capital commitments. The result was $72 billion in expenditures on new plant and equipment over the following 24 months.

The primary reasons for this expansion were reportedly (1) the exceptional market possibilities due to develop in the early 60's when our demographers expect a sharp rise in family formations and population growth, (2) the need to utilize automation due to higher wage costs and the anticipated relative fall in the size of the labor force, and (3) the necessity of maintaining some excess productive capacity for defense purposes due to the tense international situation.

Why the Surprise?

Few denied the probability that excess capacity would occur in 1958, 1959 and 1960. However, the longer term outlook was thought well "worth the candle." Consequently, it would not be a surprise to learn that our economy is now operating at 80% of capacity.

The current decline in private capital expenditures was also anticipated since no one, to my knowledge, argued seriously that the rate of expansion begun in 1956 would continue beyond 1957, barring another "little war" such as Korea. The astonishing thing is the great publicity which the actual report of the decline received.

Likewise, present unemployment figures must be viewed in perspective. In 1955, our labor force was fully employed for all practical purposes. Therefore, the imposition of an additional heavy capital expenditures program is thought to have stimulated the continuation of and/or return by older workers and, more importantly, the re-entry of large numbers of women into the labor force. If this is in fact the case, higher levels of unemployment should now be considered "normal." Unfortunately, the unreliability of employment statistics is surpassed only by our inventory figures and it is very difficult to analyze the trends in detail.

Despite the deplorable deficiency

*An address by Mr. Earp before the Dallas Executives' Association, Jan. 28, 1958.

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Regular Features

*See cover page for "Chronicle's" quarterly analysis of investment company portfolio operations.

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The Coming Era in Electronics

By FRANK M. FOLSOM*

Chairman of the Executive Committee of the Board, Radio Corporation of America

Drawing on his company's experience and projections, Mr. Folsom depicts vast growth potential for the electronics industry. A doubling of its present $12 billion business volume by 1965, R. C. A. top executive asserts, will stem primarily from 300% expected increase in industrial uses of electronics and will also be centered in two other main areas—color television and national defense. Discusses: (1) industrial uses of microwave and other forms of radio communication, closed-circuit TV, broadcasting equipment and electronic data processing systems — particularly automotive sensing and control devices for production and data processing; (2) defense uses in launching, guiding and tracking missiles, and (3) outgrowth of two by-products — finished and replacement components, and service.

Postwar electronics is the fastest growing industry in the country today, coming up from virtual zero before the war to fifth position among American industries.

Frank M. Folsom

Its products, devices and systems affect the growth prospects of an ever increasing number of other industries and businesses. In the coming decade there will be practically no major manufacturing operation where electronics will not play a significant and sometimes decisive role.

With earth satellites and intercontinental missiles now realities, electronics and space-propulsion form the keystone of our national defense. Our ultimate supremacy in missiles and the conquest of space depend upon our continued progress in electronics.

As the third largest electronics center in the country, California has a vital interest in the industry and this interest is bound to grow. Although the West Coast was hit rather severely by cut-backs in defense orders and a subsequent softening of the market, there is every reason to feel confident that the upward trend of aviation and missile activities—and their component, electronics—soon will be resumed.

Perhaps you can get a better picture of where we in electronics are today by looking at where we have just been. I am going to go back ten years, to 1947, as the true beginning of the postwar era. Today this era has ended and we stand on the threshold of a new epoch—the Space Age.

*An address by Mr. Folsom before the San Francisco Security Analysts Society, San Francisco, Calif., Jan. 16, 1958.

Back in 1947

Prophesies in my business are easy to come by but who, in 1947, would have foreseen a five-fold increase in the annual volume of electronics—from $2.3 billion to approximately $12 billion this past year, a doubling since 1950?

Back in 1947, radio was kingpin of the broadcast field and television was a mere infant. There were 175,000 television receivers in use and 19 TV stations on the air. Who could have predicted that, only ten years later, these 175,000 receivers would have mushroomed to a grand total of nearly 46 million, extending to four out of every five American homes. Or that the 19 stations would have reached a present total of more than 500? Now we are at the opening of a new TV era which will equal and surpass the old. I am speaking of a new mass market for color TV, and closed-circuit television for industry, education and medicine.

Back in 1947, researchers were experimenting with the behavior of electrons in solid state materials. Transistors and automation had not yet even entered the language.

Today, the field of semiconductors is among the fastest growing areas of the business. In automation, electronic control and sensing devices have become a vital part of such operations as petroleum refining, plastics production, atomic processing and automobile assembly.

As recently as 1953, there wasn't a single large scale electronic business data computor in use. Well over 1,250 such machines of all sizes are now in business operation. From a mere $25 million in 1953, sales of these machines last year approached the $350 million mark. Two years from now they may hit a billion.

Ten years ago we were living in a period of relatively relaxed international relations; relaxed at least, by comparison with today. Defense activities by the electronics industry were modest and limited. Today we are in the age of the IRBM, the ICBM, and the space-sattelite and current requirements of the military in electronics comes to some $3 billion in volume.

If ten years is a valid checkpoint for the industry as a whole, it is equally valid for RCA. A decade ago, RCA's activities lay mainly in communications, broadcasting, and the manufacture of radio and early television broadcasting and receiving equipment. RCA also was engaged in the manufacture of records, phonograph instruments, and radar and similar equipment for shipboard use.

RCA's Scope of Activities

Today, RCA is active in virtually every area of electronics; expanding the old and developing the new. It pursues a pattern of broad diversity in research, development, manufacturing and servicing, covering products and services four-fifths of which were not even on the market at the end of World War II.

This takes in television—black-and-white and color; broadcast and closed-circuit; military, commercial, industrial and educational. It includes such fields as airborne radar, fire control for military uses, instrumentation for guided missiles, navigation systems, electronic data processing systems, automated sensing and control devices, a growing variety of semiconductors and components. It covers high-fidelity instruments, stereophonic sound, tape recorders and players and I haven't by any means completed the list.

Let me put the comparison on another basis. In 1947, gross income for RCA amounted to slightly over $314 million. Net profit after taxes, was about $19 million. In 1957, and for the third successive year, the business volume of RCA went over the billion-dollar mark for an estimated total of about $1,170,000,000 nearly quadruple the 1947 volume. Government business, a negligible factor ten years ago, accounted for 23% of RCA's total volume this past year, with a current backlog of Government orders approaching a quarter of a billion dollars.

Here are some other statistics about our current business picture, keeping in mind the fact that not all the final bookkeeping is in. Of RCA's total volume of business in 1957, 73% came from manufacturing and related activities, about 25% from broadcasting and 2% from communications.

Preliminary figures indicate that year-end working capital totaled approximately $300 million, the same as our position a year ago. Our inventories at the year-end were up about 8% over 1956 as compared with our over-all 4% gross volume increase. Receivables totaled approximately the same amount as at the close of 1956. Capital asset additions for the year just ended amounted to about $35 million, as compared with $57 million in 1956.

On the profit side, the first nine months of 1957 showed a small increase over the previous year. Because of the softening of general economic conditions in the fourth quarter, however, and the

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The State of Trade and Industry

Steel Production
Electric Output
Carloadings
Retail Trade
Commodity Price Index
Food Price Index
Auto Production
Business Failures

A good showing was made the past week by retail trade here in New York City with sales volume rising about 11% over that of a year ago. For the country at large for the four weeks ended Jan. 25, 1958, the Federal Reserve Board reported, that department stores sales rose 1% above the level of the like period a year ago.

Reports on the metal industries this week indicate that sentiment obtains relative to the immediate and future prospects of these industries. Steel men expressed the hope that cutbacks, customer production slashes and inventory cuts of recent months will be altered, resulting in production increases and a step-up in inventories. In the case of copper production, cutbacks are expected to have a stabilizing effect upon the price of this metal.

In the steel industry this week output may hit its low point for the year this month, "The Iron Age," national metalworking weekly, reports.

The mills have just about written off February as perhaps their poorest month of 1958. At the same time, there are signs that production will turn upward in March.

This publication says the mills feel inventories may soon begin to work for them instead of against them, adding that any increase in auto sales has got to bring an increase in automotive orders for steel. Over recent months they have been getting double doses of cutbacks, customer production slashes plus inventory cuts. Now they are hopeful that the cycle will reverse itself with production increases plus inventory buildups.

If March proves to be the critical month as steel men hope, the mild improvement could continue through April and May. Beyond that point the predicted auto strike poses a big question mark. A two-month strike would bring the auto companies into the new model slowdown period starting in August. That would make September the month for the big pickup. Drastic model changes for General Motors and early model introductions as a spur to sales are already being predicted, this trade weekly declared.

"The Iron Age," noted that while some steel men say their order volume has picked up a little recently, most of them feel there will not be a significant upturn before the start of the fourth quarter. Meanwhile, steel users are continuing to work with extremely low inventories and are pushing the mills for quick delivery. One steel producer reports receiving an order from a customer with instructions to deliver by a certain date or cancel it out.

The metalworking weekly further reports that basic oxygen steelmaking capacity in this country has gone over the million-ton mark. Capacity will double this year, reaching nearly 3,000,000 ingot tons by the start of 1959.

"Another 1,600,000 tons will be added during 1959, increasing the American total to nearly 4,400,000 tons," says "The Iron Age," adding that projects not yet announced could easily add another million tons.

"Outside the United States, the swing to oxygen steelmaking is equally rapid. Current world capacity of 5,000,000 ingot tons will jump to nearly 17,000,000 tons in the next two years. Nearly 60 individual oxygen vessels will be operating by 1959," this trade paper further noted.

Iron and steel scrap prices continued to move upward this week. Bids for industrial scrap tonnages sold by automakers and other metalworking plants are several dollars higher and recent sales to steel mills have been at higher prices. The downturn in scrap prices that started early last year has definitely reversed itself. While no one is talking about a sharp upturn, the steady improvement in recent weeks is taken as an indication of better things to come.

More than 4,000,000 persons are expected to be out of work next month, according to Secretary of Labor Mitchell. However,

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Observations . . .

By A. WILFRED MAY

PROFIT WITH PLEASURE

Scarce and welcome indeed is the financial writer who can clothe his dissemination of worthwhile information with simplicity and humor as well as inner sophistication. An executive of the far-flung investment banking firm of Bache and Company, now reveals himself in this role, as author of the most readable "how-to" book to reach us in years. (**"How to Make Money Make Money." By Henry Gellerman; Crowell, 305 pp., $4.50.**)

A. Wilfred May

Typical of Mr. Gellerman's succinct clarification of the investment world are the following:—

Leverage, "another financial jawbreaker"; Pyramiding, "the stock market equivalent of Russian Roulette"; the Investment banker, "capitalism's midwife"; bond appraisal via the reminder that "in 50-odd years the New York Central may be in the brassiere business"; the Investment Company, "some are lousy"; book value, which "should be handled somewhat gingerly, like the contributions to charity in your income tax return"; the Over-the-Counter Market, "a strange creature" for shopping by phone. And even that esoteric corporate arrangement of cumulative Voting is clearly explained.

Similarly, the running reader gets this painlessly absorbable bit of psychological caveat to underline the incipient investor's primary need for emotional stability and patience: "You may be a loving husband and father, a ball of fire in your office, and a well-known clubman and raconteur. But stay away from the market if your temperament is such that every quarter-point change in a security you own causes you acute gloom or elation. If you're the type who will start pricing pianos and sables as soon as you stock goes up a point, or if you picture your wife in widow's weeds when your stock drops a point—then keep your money in the bank and brood about the merits of the FDIC . . ."

Thorough, if more prosaically expressed, discussion is devoted to the Canadian markets, sample portfolios for different age and income groups, the Stock Exchange's Monthly Investment Plan (MIP), the reading of the financial page and other Street literature, the functions of the broker and the floor specialist, odd-lot transactions, short selling, the averages, puts and calls, formula timing, and dollar-averaging.

"Follow the Experts"?

A popular investing tool getting valuable treatment from Mr. Gellerman is the basing of one's stock issues selection on the readily ascertainable activities of the professional money managers who run the huge portfolios of the investment companies college endowment funds and insurance companies. While agreeing that this information is useful, Gellerman also wisely offers these reasons for caution in chasing the institutional investor: (1) You can't find out exactly when he has bought or sold; and (2) The confusion from the revelation of simultaneous purchases and sales by different funds.

"Put All Your Eggs in One Basket"

Particularly interesting and courageous is the author's frontal attack on that revered keystone of investing principles:—*diversification*. Unorthodoxly, but with considerable logic, he advances the conviction that three, four or five carefully selected stocks can be more serviceable, at least for the careful part time investor, than a hodge-podge of securities in different industries, chosen mainly to satisfy the principle of diversification. He argues that one man customarily cannot have working knowledge of more than a few companies; and that it is much easier to select three or four good securities than twenty or thirty. He adds that Messrs. Ford and Rockefeller did well enough on the single-basket method.

The answer to this logical argument might be that, despite the overall equal percentage possibility of loss through holding either a large or small number of issues, most individuals need their individual insurance protection against a single excessive loss, which is obtainable through widespread diversification.

In sum, Mr. Gellerman's initial full-length opus is a thoroughly readable basic investment primer for the uninitiated while at the same time stimulating and enriching the intelligent professional investor.

* * *

TO THE RESCUE OF THE PURSE!

All citizens, in and out of the Congress, that are genuinely interested in promoting health for the nation's finances, will go to the bat for H.R. 8002. This bill, providing for an accrued cost expenditure budget, is coming up for a decisive vote in the House within 10 days. It has already been passed by the Senate as the Kennedy-Payne-Byrd bill, and approved by the House Government Operations and House Rules Committees.

This legislative proposal, cited in President Eisenhower's budget message for Congressional approval as the business-like way of modernizing federal budgeting procedures, would fill the dire need for placing *government appropriations requests on an accrued expenditure basis*, in accordance with the recommendations of the Hoover Commission. Opposed are some members of the House Appropriations Committee.

Present Slip-Shod Procedure

Under existing and obsolete loose fiscal practices, the Congress is unable to know the amount, or purpose of its spending at any given time. It makes lump-sum appropriations for projects running over a period of years. The agency getting the money doesn't have to report back on the cost of its program or its progress from year to year. Under this slipshod procedure, huge "carry-over" funds become lodged in the agencies beyond further Congressional review. The Hoover Commission has estimated such "carry-over" at $70 billion—almost a full year's budget—as a result of this wasteful practice!

Under the pending bill the government would pay in a given year only for the goods and services received in that year; and thus the Congress could check programs annually. This is the basis on which any efficient business is conducted.

Surely such legislative control of the purse strings, a vital necessity to the preservation of order at any time, will be particularly crucial in the financing of the coming Space-Age!

John H. Alff Joins Stone, Moore & Co.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—John H. Alff has become associated with Stone, Moore & Company, 817 Seventeenth Street. Mr. Alff was formerly Vice-President and Treasurer of Amos C. Sudler & Co.

John H. Alff

Jack F. Perkins Jr. With Midland Secs.

DALLAS, Texas—Midland Securities Company, Inc. has opened a branch office in the Davis Building under the direction of Jack F. Perkins, Jr. Mr. Perkins was formerly head of Perkins & Company, Inc.

With Beckman Co.

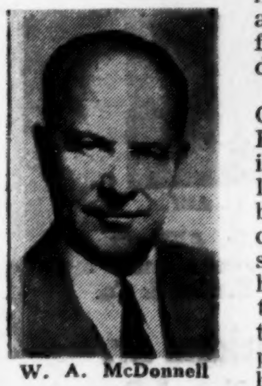
LODI, Calif.—Frank Bambola is now affiliated with Beckman & Company, 321 North California St.

A Year of Challenge

By WILLIAM A. McDONNELL*
Chairman of the Board and Chief Executive Officer
First National Bank in St. Louis, Missouri

St. Louis banker reviews some of the important challenging problems confronting us in 1958 and holds "that the greatest dangers to our way of life are from within rather than from without." Mr. McDonnell warns against currency-depreciation, decries swollen labor power, calls for tax reform, and charges all to take an active interest in local and national affairs.

At the moment the world is in an uproar over the Soviet adventures with its sputniks. The reaction among the people of the free nations ranges all the way from alarm to despair.


W. A. McDonnell

Ever since Oct. 4, when Russia put up its first satellite, I have been taking a course in pessimism. I have heard and listened to all the dire reports and I have done my homework, but I have flunked the course. Cheerfulness keeps breaking in on me. I guess you will just have to put me down as a confirmed optimist, or rather a conservative optimist. In my business you have to be an optimist or you never would lend any money, and you have to be conservative about it or you would never get it back.

Most certainly, we cannot dismiss the sputniks lightly. It is a real jolt to be "challenged and bested" as "Time" Magazine expressed it, "in the very area of technological achievement that has made this country the world's greatest power." It is a cause for alarm but hardly for despair. The sputniks were probably a blessing in disguise since they served to awaken us before it was too late, after a long period of what a Parisian newspaper has called "delusive euphoria."

Serious But Safe

This new situation naturally calls for an "agoniing reappraisal" of our own position. The situation is serious, but I believe it is safe to say that our defenses, as of *now*, are adequate to discourage an attack on us, and we can keep them adequate if we utilize the talents and resources we have at hand and are willing to make the necessary sacrifices.

The military threat posed by sputnik is, of course, the greatest single problem confronting us in this year of challenge. But there are others here at home, for example the problem of education. In a very large sense, the race for armed power today—in which we must hold the trump cards if peace is to be maintained—involves a race for knowledge.

Unless we change a prevailing attitude of disrespect for the so-called intellectuals as expressed in such terms as "egghead," "long hair," and "square," we could lose that race. In Russia the scientist is a member of the Soviet elite. Over here he has been underpaid, ignored, sometimes suspected, and too often dismissed as an impractical dreamer who doesn't do things.

I believe our attitude in this respect is a characteristic of what has been national immaturity. Youth has always regarded maturity with impatience and sometimes even with disdain. But now we have reached national maturity and it is time for us to realize that the thinker is as important as the doer and to distribute our honors and acclaim accordingly. The fact that Russia is turning out twice as many scientists as we are suggests that we should reappraise our whole system of education. Perhaps in our zeal to preserve freedom in the classroom we have carried too far the theory of elective courses. The program of scholarships for science students which has been proposed is certainly a step in the right direction and should receive our enthusiastic support.

Dangers Lie Within

I still think satellites to the contrary and notwithstanding that the greatest dangers to our way of life are from within rather than from without. History teaches us that most of the free nations of the past which lost their liberties did so because of complacency and indifference—because the people given the freedom of choice elected the paths of leisure rather than the hard roads of toil—given the right to elect their leaders they chose those that promised most in bread and circuses.

We must stop demanding that the Federal Government assume responsibilities which are rightfully those of the states and local communities. Concentration of power is always an initial step towards curtailment of liberty, and in this particular hour the Federal Government will have its hands full with the problems of national defense, international relations and the essential services of a strictly federal nature.

The Space Age or the Buck Rogers Age or the Flash Gordon Age—whatever you want to call it—has heaped new burdens on Washington, and so it occurs to me that local initiative and self-reliance have become proportionately more important to our national well-being.

Inflation

Economy, like charity, begins at home.

Inflation is another problem which seems to remain with us always and will most certainly confront us again throughout 1958. It is to be hoped that the stern necessity of increasing our defense expenditures will not be used as an excuse to throw monetary caution and fiscal sanity to the winds and abandon our fight against inflation. No nation can remain strong militarily unless it also remains strong economically. Inflation can defeat the cause of freedom as decisively as enemy missiles.

We do not need to go back to Germany for an impressive example of what inflation can do to a country. We have a present-day example in the case of France.

I was a soldier in France in 1918 and my pay as Captain of Field Artillery was $200 a month. I was paid in francs, and so I received 1,000 francs a month, because the exchange rate was five francs to the dollar. But today, if I were being paid $200 in francs, I would receive 84,000 francs.

In other words, as related to the dollar, the franc is now worth 1/84 of what it was 40 years ago.

If the same fate should befall the dollar, a suit of clothes which now sells for $100 would cost you $8,400. Any one of the so-called low-priced American cars with minimum trimmings would cost you $250,000. A social security check for $100 would buy two pounds of hamburger which would make one meal for a family of four, or two meals for a good-sized dog—and $100,000 in life insurance would purchase room and board for a widow for approximately one year.

I do not need to state what would happen to our democratic institutions under the impact of such a depreciation of the currency. We are all familiar with what has happened in France. The government has changed 25 times since the end of World War II—and for all I know, it may be 26 by this moment. The trouble has been largely due to the manifold problems resulting from inflation.

We like to say to ourselves that it cannot happen here, and I am an optimist myself. But the stubborn fact is that the 1958 dollar is worth 49 cents as compared to the dollar in 1939. How soon will it be down to 40 cents? To 35 cents? To 30 cents. If we are to stop the bobsled ride, it is imperative that we balance the federal budget, and keep it balanced.

Of course, it is an over-simplification to say that a balanced budget alone is all that is necessary to fight inflation, but it certainly is the most important weapon without which the others are of no value.

We are being told that it is going to take two or three billion dollars more for guided missile development, rockets and satellites. Well, that is all right. We cannot stint on the necessities of national defense. First things must come first and certainly the defense of the nation is first. But if it is going to take more money for national defense then we must cut down somewhere else. If we must have more for missiles, we must have less for largess and pork barrel projects. It is either that or higher taxes and further depreciation of the dollar.

Oh—but—hush! This is an election year! It is said that we cannot cut down anywhere because we might offend somebody and we wouldn't want to do that in an election year. And votes count. To be sure they do. I am wondering just how many office seekers have ever tried to tell the Ameri-

Continued on page 31

*From a talk by Mr. McDonnell before the Chamber of Commerce of Jackson, Miss.

In Memoriam

GEORGE FRANCIS COATES

1867 - 1958

Few printers from Benjamin Franklin to Elbert Hubbard will ever attain the standards reached by George Francis Coates who died January 15 at his Rutherford, New Jersey, home at the age of 91.


George Coates

George F. Coates, like Benjamin Franklin, was more than a master craftsman in his profession besides being a mechanical genius in printing procedures, and those of us who bear witness to his life's work can say that he presided in his day as one of the ablest foremen the "Commercial & Financial Chronicle" ever had.

His mechanical versatility, leadership and efficiency was an example and inspiration to all the printers who worked under him.

In his almost 50 years of service as foreman, etc., George F. Coates established typesetting records for the quantity of financial news data and statistics that he and his men set in a given period—a record which is unequaled by any other newspaper in this or any other country.

These vast mountains of printed matter which were published in the "Chronicle" from 1899 to 1941 during the period George F. Coates was foreman, are a living monument to the memory of a great printer and craftsman—a fact that George F. Coates' friends and successors in the Composing Room and Editorial Department heartily concur in.

Fortunately Mr. Coates was blessed with a lovely wife, for it was Mrs. Coates who cared for him during all the years following his retirement from the "Chronicle" during which time he was stricken with paralysis. Mr. Coates was a native of Canada.

"Exactitude," as ex-President William Howard Taft once told the writer, is the foundation upon which the "Chronicle's" reputation is built and it should be said that George F. Coates as head of the "Chronicle's" Composing Room lived and worked to achieve this ideal.

It is also interesting to note that it was from Mr. Coates' department that a proofreader, "Jimmy" Ward, as he was affectionately called, left the "Chronicle" to finally rise to become a Vice-President of the Bethlehem Steel Co. when the late Charles M. Schwab was its President.

As the former foreman of our Composing Room, we of the "Chronicle" staff proudly say with admiration and deep respect of our oldtime associate George F. Coates:

Vale! Vale! Vale! Dominus Vobiscum!

by A. W., Short Hills Village, Feb. 6, 1958.

Stimulating Housing Industry

By HON. ALBERT RAINS*

Representative (D., Ala.), U. S. Congress
Housing Subcommittee Chairman,
House Banking and Currency Committee

Congressman Rains outlines his program to stimulate housing construction, views economic recession with concern and calls for new policies and programs to restore employment; and expresses his conviction that there is enough slack in the economy to support expanded defense and domestic programs. Would consider: (1) reducing FHA interest rate, insurance premium and downpayment; (2) requiring FNMA, in its secondary market mortgage purchases program, to buy all FHA mortgage offered to it, and (3) providing $1 billion FNMA special mortgage-support assistance program.

We must face the facts of life realistically and in my judgment the economic and financial setting today is a somber one indeed. This is not to say that we must throw in the sponge or be unduly pessimistic, but I do say we must look at our economic and our financial setting with both eyes open and without using rose-tinted glasses. And when we have recognized the nature of the present problem we can then search for corrective policies and measures.

Albert Rains

The plain truth is that we are now in a period of economic contraction, and don't let anyone tell you differently. The only question at the moment is how deep and how protracted the recession will be.

The economic indicators are plain for all to see. Industrial output is down sharply from a year ago. The Federal Reserve Board index of production which stood at 147 in December a year ago (that is against a base of 100 in the period 1947-49) dropped to 139 in November and declined still further in December to 136.

Personal income has started to slip. Steel production is far below capacity. The automobile industry has failed to show the strength we had all hoped for. Plant and equipment expenditures — which have been the prime mover in fueling our economy—are tapering off.

And as these basic economic indicators have pointed downward, they have naturally had serious impact upon the number of unemployed and the length of the average employee's work week. The number of unemployed in the middle of December, the latest period for which statistics are available, had climbed to 3.4 million. This brought the unemployment rate to 5.2% of the work force, the highest December rate since 1949. Moreover, more and more of those who continue to hold their jobs find their weekly pay envelopes slimmer because overtime is becoming a thing of the past—many are working less than a 40-hour week. And unfortunately all of the signs point to further increases in the unemployment total — some estimates foresee five million or even six million unemployed this Spring.

Criticizes Monetary Policy

In my judgment we are now paying the price for the shortsightedness of the hard money policy which has been relentlessly pursued by the money managers over the past two years. It was supposed to prevent inflation. The soaring cost of living over this period shows that it failed miserably. Many of us warned that the tight money policy would inevitably lead to a period of recession. But our warnings were wasted upon men who were so haunted with their neurotic fear of inflation that they could not or would not recognize the inherent danger that the hard money policy—with its hardships upon the small farmer and the small businessmen—would ultimately bring us to the economic recession in which we now find ourselves.

And yet incredibly enough these same men who were obsessed with inflationary dangers do not seem to be concerned at all about growing unemployment and a contracting economy. Certainly they are not proposing to do anything forceful or meaningful to restore the health of our economy and put unemployed people back to work. The great hope among such men apparently is to believe the recession will go away by pretending that it does not exist. Or if they do concede its existence, their party line is that the developing recession will be only a temporary phenomenon and that we will see an economic revival in the second half of 1958.

I fervently share this hope but frankly I have the feeling that some of the arguments advanced to support an economic pickup later this year are based upon more fancy than fact.

We are told that since the Sputniks have finally brought us to our senses to a point where we are now going to improve our national defense—that this expanded defense effort will give a strong stimulus to our economy as the mounting rate of defense contracts translates itself into new facilities and increased employment. I certainly hope that this will be the case, although I have read several analyses which indicate we may be placing too much faith in the magnitude of this economic stimulus. And I think it is indeed ironic that the very men who were most vehement in their belief that the economy could remain at full employment without heavy defense expenditures are now citing those very expenditures as the main cause for optimism in the economic outlook later this year.

Sees Complacency

In my judgment, the basic trouble is that there is too much complacency in Washington about the serious problems which we face. Just as there seems to be a lack of urgency in pursuing to the hilt all the measures necessary to regain our leadership as a military power, there seems to be a similar lack of urgency about doing anything concrete to reverse the recessionary trend in our economy. Half measures and lackadaisical changes in policy are still too much in evidence.

Certainly we do not see the Administration proposing any bold and forthright program to arrest the deteriorating economic situation.

I think that in the present setting we should pursue not only the measures necessary to achieve supremacy in the field of defense, but also measures which will strengthen and expand our domestic economy, which after all is the foundation upon which our prosperity and strength must rest. Clearly there is enough slack in our economy to support both an expanded defense program and an expansion in essential domestic programs. We probably have at least four million unemployed at this very moment. Apart from the hardship and misery these people are suffering, they obviously represent a sizable slack of unutilized resources. Failure to put their productive capacity to work would be criminal neglect in my judgment.

Now all of us hope that we can do all of the things our national welfare requires without deficits and an unbalanced budget. But we must never let our national security be jeopardized, balanced budget or no balanced budget.

I saw a recent "Letter to the Editor" on this point from which I would like to quote. The writer said that our morbid preoccupation with inflation and a balanced budget may earn us a quaint paragraph in the history books of the future like the following:

"The United States existed from 1776 to 1960. Though defeated by a Communist coalition and its population dispersed to the far corners of the earth, this much is to their credit, they presented their conquerors with a balanced budget.

"Among the defeated Americans, the most horrible insult was to call a man a son of a budget balancer."

The man who wrote that has a flair for humorous expression—but make no mistake, his feeling and sentiments are serious and his patriotic concern is clear.

Basic Question

I recognize that the basic questions of overall economic policy, the question of fiscal and tax policy, the question of what anti-recessionary economic programs to adopt — are all difficult and complex questions and I do not propose to discuss them today. I will say, however, that it is surpassingly strange that in the field of monetary policy we have not yet seen a dramatic reversal of the hard money policy. True the Federal Reserve Board made a modest reduction in the rediscount rate last November. But in the face of the cold facts of our declining economy, the monetary authorities have yet to reverse their field. I do not know what economic indicators these men need to convince them that the economy is on a new course. I can only hope that they will recant their error soon.

Housing Prospects

Now apart from the hope that our expanding defense program will impart an important stimulus to our lagging economy, the housing industry is often cited as a favorable factor. We are told that the outlook for housing construction is optimistic and that housing construction will play an important role in our economic revival later on this year. I sincerely hope that this thesis is correct. But frankly we cannot leave the fate of your great industry to the chance workings of the market place. We must fashion whatever legislative aids are needed to make sure that your great industry does in fact supply a powerful and much-needed stimulus to our economy.

The plain fact is that the housing industry today, like our overall economy, is in trouble. I have long warned that the housing industry is a vital cog in our economic machine and that it is imperative for us to do everything to encourage a high and expanding rate of housing construction.

And yet we have seen home building drop precipitously over the past several years. Last year private housing starts fell to an annual production rate of 990,000 units, which is the lowest rate since 1949. The current level of production is down very sharply from the 1.35 million units produced in 1950 to the 1.3 million produced in 1955. Last month the seasonally adjusted rate dipped to 970,000. I think it especially significant that our current rate of housing production is nearly down to the level achieved in the year 1925—in other words we are back where we were a generation ago.

Now I am not one of those who believes that the basic problem in housing is a decline in housing demand. Those who hold this thesis do not have in my judgment a basic understanding of America's housing requirements and potential.

In my opinion, the falloff in housing starts reflects primarily financing difficulties and the absence of a true low down payment housing plan rather than defects in housing demand itself.

Our population is rising at a fabulous rate. The tremendous rate of migration of our people will continue to bolster housing demand. Incomes are high, and if we can combat the present recession, they will continue to rise and shore up housing demand. The vacancy rate is still practically negligible and recent Census Bureau reports indicate that we are again moving in the direction of a housing shortage. The extremely low vacancy ratio is not at all surprising when we consider how low the level of housing production has fallen over the past several years.

Mortgage Credit

In short the problem facing the housing industry is not a lack of basic demand in my judgment. Basically I do not think there is anything the housing industry needs to pick up momentum ex-

Continued on page 33

*An address by Rep. Rains before the Annual Convention of the National Association of Home Builders, Chicago, Jan. 21, 1958.

Dealer-Broker Investment Recommendations & Literature

It is understood that the firms mentioned will be pleased to send interested parties the following literature:

Atomic Energy—Review—Harris, Upham & Co., 120 Broadway, New York 5, N. Y.

Atomic Letter (No. 35)—Analysis of fund investment in missile field—Atomic Development Securities Co., Inc., 1033 Thirtieth Street, N. W., Washington 7, D. C.

Burnham View — Monthly investment letter — Burnham and Company, 15 Broad Street, New York 5, N. Y. Also available is current Foreign Letter.

Canadian Bond Market—Bulletin—James Richardson & Sons, 173 Portage Avenue, East, Winnipeg, and Royal Bank Building, Toronto, Canada.

Canadian Bonds—Bulletin—A. E. Ames & Co. Incorporated, 2 Wall Street, New York 5, N. Y.

Canadian Investment Review—Study—Burns Bros. & Company, Limited, 44 King Street, West, Toronto 1, Ont., Canada.

Detroit Banks — Twentieth annual review of five Detroit Banks—Manley, Bennett & Co., Buhl Building, Detroit 26, Mich.

Dividends for More Than a Decade—Common stocks, classified by industries which have paid dividends for 10 years or more, with dividends paid in 1957—American Stock Exchange, 86 Trinity Place, New York 6, N. Y.

Igy—Discussion of developments of the International Geophysical Year — In current issue of "Investors Reader" — Merrill Lynch, Pierce, Fenner & Beane, 70 Pine Street, New York 5, N. Y.

Japanese Electrical Machinery Manufacturing Industry—Analysis in current issue of Nomura's Investors Beacon—Nomura Securities Co., Ltd., 61 Broadway, New York 6, N. Y. Also in the same issue are discussions of Japanese Shipping trade, and of the new five-year economic program.

Japanese Stocks — Current information — Yamaichi Securities Company of New York, Inc., 111 Broadway, New York 7, New York.

Let's Look at Stocks and Bonds—Booklet written expressly for those who want to familiarize themselves with Stocks and Bonds—Pacific Coast Stock Exchange, 301 Pine Street, San Francisco 4, Calif.—5c per copy.

Long-Term Investment Funds—Study of supply and demand—Salomon Bros. & Hutzler, 60 Wall Street, New York 5, N. Y.

Microave Associates, Inc—Review—Amos Treat & Co., Inv., 79 Wall Street, New York 5, N. Y.

New York City Banks—Breakdowns—government bond portfolios and sources of income—for 13 New York City Bank Stocks—Laird Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Over-the-Counter Index — Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 19-year period — National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

Philadelphia Bank Stocks—Comparison of 12 largest Philadelphia Banks—Stroud & Company, Incorporated, 123 South Broad Street, Philadelphia 9, Pa.

Return of the General Store—Review—In current issue of "The Exchange" Magazine—The Exchange Magazine, 11 Wall Street, New York 5, N. Y.—10¢ per copy—$1.00 per year. Also in the issue are discussions of odd-lot investments and the volatile stocks of 1957.

Stocks—Selected lists in current issue of "Market Pointers" —Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also in the same issue are discussions of favorably situated industries and of the market outlook. In the current issue of "Gleanings" is a list of well situated lower priced shares.

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American Viscose Corporation—Report—Harris, Upham & Co., 120 Broadway, New York 5, N. Y.

Amoskeag Co.—Memorandum—Pacific Western Securities Inc., 634 South Spring Street, Los Angeles 14, Calif.

Arkansas Louisiana Gas—Survey—Abraham & Co., 120 Broadway, New York 5, N. Y. Also in the same circular are data on **Bridgeport Brass** and **Parke, Davis.**

Asamera Oil Corporation—Bulletin—De Witt Conklin Organization, 120 Broadway, New York 5, N. Y.

Boeing Airplane Company—Special Report—Thomson & McKinnon, 11 Wall Street, New York 5, N. Y.

Canada Southern Petroleum—Memorandum—Hardy & Co., 30 Broad St., New York 4, N. Y.

Cook Electric Co.—Data—Eisele & King, Libaire, Stout & Co., 50 Broadway, New York 4, N. Y. Also in the same circular are data on **Magnetics, Inc.** and **Radiation, Inc.**

El Paso Natural Gas Co.—Memorandum—A. M. Kidder & Co., Inc., 1 Wall Street, New York 5, N. Y.

First National Bank of Chicago—Analysis—Bacon, Whipple & Co., 135 South La Salle Street, Chicago 3, Ill.

George A. Fuller Company—Review—Hayden, Stone & Co., 25 Broad Street, New York 4, N. Y. Also available are data on **Super Markets, National Tea** and **A. J. Bayless.**

Hagan Chemicals & Controls Inc.—Report—Loewi & Co., Incorporated, 225 East Mason Street, Milwaukee 2, Wis. Also available is a report on **Interstate Securities Company.**

Kansas City Power & Light Company—Review—The First Boston Corporation, 15 Broad Street, New York 5, N. Y.

Kirby Lumber Co.—Analysis—Coburn & Middlebrook, Incorporated, 100 Trumbull Street, Hartford 3, Conn.

McKesson & Robbins Inc.—Report—Joseph Faroll & Co., 29 Broadway, New York 6, N. Y.

Monterey Oil Company—Report—Dean Witter & Co., 14 Wall Street, New York 5, N. Y. Also available are reports on **Signal Oil and Gas Company,** and **Douglas Aircraft Co.**

North American Aviation Inc.—Analysis—Bache & Co., 36 Wall Street, New York 5, N. Y. Also available is a review of the outlook for business.

Rheem Manufacturing Company — Analysis — Coffin & Burr, Incorporated, 60 State Street, Boston 9, Mass.

Safeway Stores—Analysis—Halle & Stieglitz, 52 Wall Street, New York 5, N. Y.

Wilcox Oil Company—Analysis—Blair & Co. Incorporated, 20 Broad Street, New York 5, N. Y.

State-Local Government Fiscal Needs and Resources

By DICK NETZER*
Economist, Research Department
Federal Reserve Bank of Chicago

The vicious circle of State-local services lagging behind increasing needs can be broken, economist Netzer declares, if borrowings can be obtained now rather than in the next few years, when economic growth will yield higher revenue, and if inflation ceases. Given prosperity, growth, price stability, and adequate borrowings now, author sees backlog needs of growing, urban population overcome.

State and local public agencies have taxed, borrowed, and spent heavily in the postwar decade, to provide the public services and facilities required by a growing, mobile, ever more urban population. But the supply of these services has lagged behind increasing needs; among the results are congestion of transport facilities, a marked scarcity of sites for new residential building, and anguish about the quantity and quality of the output of our educational systems. This backlog of needs for schools, roads, hospitals, water and sewer facilities, and the like, with its potentially harmful effect on the nation's growth, poses a big problem for State and local governments. Can they get the money for the needed expansion of their activities from present revenue systems and from funds borrowed in the capital markets under conditions likely to exist and on acceptable terms? Or is there a real crisis heading up here too?

If you look ahead another decade and assume that the country will be generally prosperous without inflation and will grow at normal long-term rates, the "crisis" evaporates. In 1956, State and local governments spent around $42 billion, including payments on debt but excluding such "trust" arrangements as employee retirement systems. This was financed from tax revenues, Federal aid, and fees and charges for services totalling about $37.5 billion; the $4.5 billion deficit was covered by borrowing for construction projects. In 1965, the economy's growth *without* increases in tax rates should produce receipts of between $52 and $55 billion. This, together with borrowing for new facilities at recent rates, would be enough to keep pace with population growth and make a very substantial improvement in the *quality* of public services. It would not be enough to finance all services at the most desirable levels, but it would go much of the distance to these goals.

Since the backlog exists here and now, the next few years may be more difficult than the longer run, as public agencies try hard to improve services right away before the higher revenues yielded by economic growth are available. Logically, this means very much heavier borrowing in the next few years, which probably would require quite a few changes in State and local laws and practices. Such changes may not be easily come by, but they would contribute to balanced economic growth if achieved.

If there is a considerable degree of inflation in coming years, State and local governments will face a crisis in their efforts to catch up. This is because inflation increases their costs far more rapidly than their revenues from their single most important source, the property tax. In inflation, property tax revenues rise much more slowly than the market value of taxable property, due to lagging assessment practices and resistance to the large nominal rate increases needed to offset these lags.

In short, we can expect truly good performance from State and local public agencies only if the economy is generally prosperous, growing, and inflation-free and if these agencies have sufficient initiative and freedom to aggressively tap the nation's pool of savings by borrowing in large amounts in the next few years. Otherwise we must look for much slower progress in working down the backlog.

*From a talk by Mr. Netzer, currently on assignment to the Board of Governors of the Federal Reserve System, before the American Economic Association, Philadelphia, Pa. The views expressed are solely those of Mr. Netzer.

COMING EVENTS
In Investment Field

Feb. 13, 1958 (Chicago, Ill.)
Bond Club of Chicago annual meeting and dinner at University Club.

Feb. 14, 1958 (Boston, Mass.)
Boston Securities Traders Association 34th annual dinner at the Sheraton Plaza Hotel.

Feb. 21, 1958 (Houston, Tex.)
Stock & Bond Club of Houston annual Field Day at Lakeside Country Club.

Feb. 27, 1958 (Detroit, Mich.)
Detroit Stock Exchange annual dinner at the Statler Hilton.

Feb. 28, 1958 (Philadelphia, Pa.)
Investment Traders Association of Philadelphia annual Mid-Winter Dinner at Bellevue-Stratford Hotel.

March 7, 1958 (New York City)
New York Security Dealers Association 32nd annual dinner at the Waldorf-Astoria.

April 11, 1958 (Toronto, Canada)
Toronto Bond Traders Association annual dinner at the King Edward Hotel.

April 23-25, 1958 (Houston, Tex.)
Texas Group Investment Bankers Association annual meeting at the Shamrock Hotel.

Graham Walker Partner In Gregory & Sons

Gregory & Sons, 72 Wall Street, New York City, members of the New York Stock Exchange, announced that Graham Walker has become a general partner in the firm and that J. Walter Leason has been appointed Manager of its investment research department.

Graham Walker

Simultaneously it was announced that the acquisition by Gregory & Sons of the extensive correspondent brokerage business and facilities of McManus & Walker, of which Mr. Walker formerly was senior partner, has become effective. The acquisition makes Gregory & Sons one of the largest wire correspondent houses in the country. The firm now has direct private wires from its New York City offices to 53 correspondents located in 60 cities in the United States, the District of Columbia and Canada.

Mr. Leason formerly was associated with Montgomery, Scott & Co., members of the New York Stock Exchange.

Malon S. Andrus Forms Govt. Bond Firm

Formation of the new firm of Malon S. Andrus, Inc. to specialize in securities of the United States Government and its instrumentalities and in state and municipal issues has been announced by Malon S. Andrus, veteran government bond man who has been elected President of the firm. The new company succeeds to the tax - exempt securities business conducted by J. G. White & Company, Incorporated, which will continue in the investment banking business. Mr. Andrus has been Vice-President in charge of the government bond department of J. G. White & Company, Incorporated, since 1951.

Malon S. Andrus

Other officers of Malon S. Andrus, Inc., all of whom have been associated with Mr. Andrus for some years, are A. John Bright, Vice-President; Andrew B. Dott, Vice-President; and Homer D. Swihart, Vice-President.

The firm is located at 37 Wall Street, New York City.

First Washington Corp. Names John Smith Partner

PITTSBURGH, Pa. — John P. Smith has been appointed as resident partner in charge of the Pittsburgh, Pa., branch office of The First Washington Corporation. The new branch office was opened last Jan. 27 and is located in the Investment Building, at 235 Fourth Avenue.

Mr. Smith has been active in the securities business in Pittsburgh for a number of years. He was formerly associated with McLaughlin Cryan and Company.

Joins Shaiman Staff

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Gwenith A. McCoy is now with Shaiman and Company, Boston Building.

Utility Serving Two Panhandles

By DR. IRA U. COBLEIGH

Enterprise Economist

Some reflections on the current position of electric utilities, together with a statistical salute to Southwestern Public Service Co.

In our current market, characterized by fluttering share prices, lowered dividends and Cassandra-like bearish bleatings by some of the cloistered economists, it's heartening to divert one's gaze toward less troubled waters, to wit, the electric utility industry. With undiminished zeal, this section of our economy is moving into 1958 with bright prospects of rising earnings and dividends, in the case of many companies, and a 3% higher total budget (about $3.1 billion) for construction, than in 1957, (Manufacturing industries indicate a 16% decline in capital outlay for 1958). Such pleasing prospects are buttressed by the continuing rising demand for electric power, the relative stability of fuel costs, and the lowering trend of interest rates permitting a considerable annual money-cost saving (over 1957) on such senior financing as may now be requisite.

Ira U. Cobleigh

Not all utilities, however, will participate equally in this financial forward motion. The rates of growth will follow, quite faithfully, population trends. In those sections of the U. S. where increase in population is most rapid, will usually be found the electric power companies with the sharpest upcurve in gross, net and dividends. But, for that growth potential, investors are expected to pay a premium in the form of higher price-earnings ratios in respect to the shares they buy, and to be willing to accept a ½% to 1½% lower yield.

Our selecton is in this growth section of the utility list. Whereas it is possible today to buy such a well entrenched utility equity as Public Service Electric & Gas Co. to yield 6%, most of the growth issues restrict the buyer to a return somewhere between 4% and 4½%. We have in mind a particular security, which we thought should be given special consideration at this time. It is the common stock of Southwestern Public Service Co.

Why, you ask, should we have singled out this issue as an outstanding value in today's market? There are three very good answers to that question: (1) the territory served is one of the most rapidly expanding areas (in population) in the United States. (2) power generation is achieved by an extremely satisfactory low cost fuel, natural gas, and (3) there have been five cash dividend increases on this common stock since 1948.

So having dedicated today's space to Southwestern Public Service Co. common, it now behooves us to marshall a body of facts and statistics that will justify our confidence, in giving a favorable nod to SPS now selling on New York Stock Exchange at 33¾ and paying 37¢ quarterly.

First let's look at the territory. It's lush. It embraces both the Texas and Oklahoma Panhandles, spills over into New Mexico and totally, provides kilowatt energy to an area substantially larger than the state of Pennsylvania. Land spread is O.K. but what sort of country is this? 80% mesquite and cactus? Oh no! Its 4,700,000 acres of land under irrigation represent one-sixth of all the irrigated land in the United States. Here are located not only broad agricultural areas for cattle raising and grazing, but large scale farming in cotton, alfalfa and wheat, burgeoning oil and natural gas production and mines which turn out about 95% of the potash production of the United States.

Altogether, a population substantially in excess of 800,000 is served in Texas, Oklahoma and the Pecos Valley of New Mexico, including the cities of Lubbock and Amarillo, and Pampa, Texas; Clovis, Roswell and Carlsbad, New Mexico.

Population in this territory has increased over 80% in the past 15 years. In the past 10 years alone, kilowatt hour sales have risen 308% (national average rise —135%). In this same 10 year period (Aug. 31, 1948 through Aug. 31, 1957) total operating revenues rose from $14.7 million to $42.3 million; and net income from $3.6 million to $8.6 million; and dividends from 85¢ per share to $1.48. Such a lively expansion in all the dollar results that count has naturally built a lot of stature for SPS common; so much so that 48,600 shares were bought by four investment trusts in the closing quarter of 1957 (three bought for the first time; the other added to an earlier commitment); and only one trust sold out 1,200 shares.

One of the reasons for informed investor preference for SPS is found in its consistently low fuel costs. SPS burns natural gas, produced in the area, and delivered (1957) at an average cost of 13.11¢ per MCF. While this price is up from 6½¢ in 1948, it should be noted that by putting into use relatively new and more efficient generating equipment, unit generating cost per KWH has risen only from 1.40 mills to 1.66 mills during the decade in question.

Now many utilities serving an area of such rapid growth seem to have the constant problem of addition to generating and transmission equipment. On this point the management of Southwestern Public Service seems to have been particularly farsighted. Aggregate generating capacity now totals 818,700 kilowatts which amply covers present peak loads, and indicates no need for addition to plant capacity until 1960. All of which means that no new financing is contemplated until March 1959, and no new equity financing until 1962. By that time, according to present management estimates, the common should be earning 2.80 and paying $2 per share. Now this uniquely optimistic projection should animate, i' not excite, present and prospective shareholders who contemplate a 4.4% return on this common at 33¾ (based on the lates' quarterly dividend distribution of 37 cents per share). The company policy of a 75% payout suggest a rising yield, over the next fou' years, accruing to those who owr or buy this common now. Thirt' per cent of the 1958 dividend i' Federal tax exempt.

One problem, to which the management at Southwestern is addressing itself, is the fact that re sidential electric consumption ha been somewhat below the nationa average. Two thousand, four hur dred and thirty - two kilowa' hours (1956) sales per residenc in its territory compares with na tional consumption running cur rently (no pun intended) abov 3,000 kwh. To move this figur forward SPS has taken an aggre sive attitude in respect to sales c appliances, and is promoting us of electric pumps with as much ardor as any utility in the country. This campaign to build up residential sales is now paying off and 1958 advances in this department should be quite impressive.

Actually, the business of SPS is quite nicely balanced, being derived 32% from industrial electric customers; 32% from rural and residential customers and 22% from commercial outlets in 1957 (fiscal year ending 8/31). Balance of electricity income (95% of gross) were from miscellaneous sources, with water and gas making up the remaining 5%.

Electric equities are not to be judged solely on rises in revenues; some consideration should be given to cost controls. Here Southwestern stacks up quite well, carrying through 19% of gross revenues into net for the common in fiscal 1957. Earnings applying to common have increased at the rate of 10% compounded over the past five years, and have virtually doubled since 1950.

Present capitalization is $107,-488,000 in funded debt (56.4%), $17,420,000 in preferred stock (9.1%) and 4,380,708 common shares (34.5%).

With all the hoopla about government regulatory bodies in the press these days, someone is likely to ask how does regulation affect Southwestern Public Service? Are existing rates adequate? If not, will the company have a tough time getting appropriate increases? SPS has no regulatory problems at the moment. It is earning about 5.90% on present estimated rate base; and management believes this rate of return can rise to about 7% within four years. Hence it has no present plan to request rate increases. When or if it does, it must apply to a state commission in New Mexico, and to individual municipalities served in Texas.

No one should expect SPS to prove a market rocket; but prudent investors in search of issues with good defensive qualities and a rising dividend trend may benefit from a consideration of SPS.

Kavanewsky, Nesler V.P.'s of Schapiro Co.

The election of John F. Kavanewsky and Walter C. Nester as Vice-Presidents of M. A. Schapiro & Co., Inc., 1 Wall Street, New York, was announced by Morris A. Schapiro, President.

Both Mr. Kavanewsky and Mr. Nester have been with the Schapiro organization for three years, the former having previously been associated with Goldman, Sachs & Co. and Merrill Lynch, Pierce, Fenner & Beane and the latter with The First Boston Corporation.

Correction

In "The Financial Chronicle" in reporting that Charles A. Fuller had become associated with E. J. Prescott & Co., Minneapolis, it was indicated that Mr. Fuller in the past had been proprietor of Charles A. Fuller & Co. Charles Andrew Fuller who has joined the Prescott organization is the son of Charles A. Fuller of Charles A. Fuller & Co. Mr. Fuller, Sr. informs us that he has been retired quite happily for a number of years.

Howard Sellers Opens

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Howard N. Sellers is engaging in a securities business from offices at 1540 Washington Street.

The Campaign Against Profits Could Be Most Disastrous

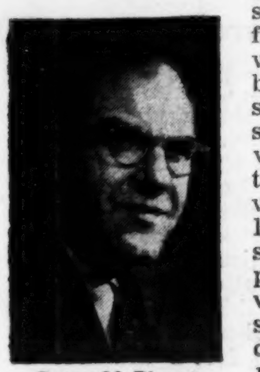
By ROGER M. BLOUGH*

Chairman of the Board, United States Steel Corporation

Proposed "profit-sharing" plan originating in Detroit is termed "profit-squeezing" by U. S. Steel head after pointing out that the "principal victims would be its intended beneficiaries—the employees of American business. . . ." This plan is but one of three disastrous campaigns, according to Mr. Blough, who finds the other two are Iron Curtain attempts to undermine America's faith in its way of life, and advocacy of wage increases as an antidote to the present slump in business activity. Points out, for example, that every penny of U. S. Steel's 9½ cents on each sales dollar "came from people" and goes "back to people," thus, adding enormously to the nation's material wealth as a whole.

Three vigorously-waged propaganda campaigns are converging at a 1958 crash pace.

Averting a serious smash-up is going to take some pretty fast footwork with the brakes and some mighty sharp maneuvering with the steering wheel—mostly, I would say, on the part of those who are responsible for driving these propaganda machines.



Roger M. Blough

Iron Curtain Campaign

Campaign Number One is motivated by Iron Curtain sources who have openly and boldly stated that their objective is to take over you fellows, lock, stock, and barrel. As a means to this end, their immediate purpose is to destroy America's faith in your accomplishments and in the achievements of your employees and associates. This, in turn, should serve to destroy America's faith in itself and in its own way of life. And in any struggle for survival a nation without faith is as helpless as a nation without kilowatts.

Here then is a coldly calculated campaign of conquest. We hear it said that America no longer has a monopoly on scientific and industrial achievement; and we are expected to forget that neither America nor any other nation in the world ever *did* have such a monopoly. We are told that Russia has scored a great scientific advance in the development of missiles. And that is true. We are reminded that Russia has a communistic government, which is also true. And we are supposed to conclude that only by aping Russia's political system can we equal her scientific prowess. Which, when you stop to think about it, is a pretty silly *non sequitur*, if I ever heard one.

Tossing bouquets at their own communistic system and brickbats at ours with references to missiles and what-have-you is undoubtedly effective enough fodder abroad for the propaganda mills—as if the sweat and grime of an intelligent people when concentrated on military objectives at the expense of decent living could not be made to show results under any system.

So, with due deference to the need of alerting ourselves to the dangers of complacency and to the dangers of alien military progress, let's keep our feet on the ground and the freedoms which made us a great nation unimpaired.

And to those who are now engaging in this great campaign of propaganda—and to those who unwittingly may be aiding it—I would like to offer a very simple and perceptive little statement that was recently made by a foreign observer—the Secretary-General of NATO, who said:

"It is harder to provide all members of the community with a roof, shoes and meat than to launch an artificial satellite." And that roof, shoes and meat job America has done fairly well.

Depression Panacea

Which leads me logically to the second of these three campaigns. This one is in the domestic field and it concerns the problem of any struggle for survival, a nation how to make ends meet, how to provide jobs with a good living wage, and how to live within our means as a nation and still do all that is required of us.

These problems themselves, of course, are perennial; but they become more acute in times like these when business activity is lowered, and when lamentable layoffs are causing economic loss not only to the employees affected but also to the nation as a whole.

Such perilous times call for faith, sound judgment and wise action—some of which have already been taken. But they also call forth an army of amateur economists who are motivated by an infinite variety of personal interests and who are armed with a mimeograph-full of doubtful devices and panaceas.

Not the least of these, of course, is the oft-tried-and-found-wanting scheme of increasing purchasing power by merely increasing wage costs; and the fact that the present slump in business activity began at a time when consumer purchasing power had reached the highest levels in history does not dampen, for a moment, the ardor with which the proponents of this quaint theory are urging their formula upon you.

Pleasantly packaged, however, this elixir is as potable as the old-time medicine man's mixture of syrup, alcohol, and water—and just about as effective, too!

Taken in immoderate doses, it convinces the imbiber that the best cure for the resultant hangover is a few more shots of the hair-of-the-inflationary-dog-that-bit-you.

But when the housewife rises in revolt as she sees the family income being dissipated—and when she correctly concludes that exorbitant wage increases are a major cause of the rising prices that plague her—the amateur medicine men are forced to take refuge in their favorite nostrum—Old Medicine-Man's Special—which is positively guaranteed to produce skyrocketing wages with no increase whatever in prices. This is accomplished, of course, by inducing profit exhaustion throughout the business system.

Profit-Squeeze Campaign

And the sales pitch for this nostrum constitutes the third of the three great propaganda campaigns that are now converging headlong upon Detroit . . . although "converging" may not be precisely the right word in this case, since the campaign itself was resoundingly launched in Detroit.

Now this campaign is the old, familiar profit squeeze decked out in a new bib and tucker. With a fine regard for the niceties of semantics, its proponents talk of profit "sharing" rather than of involuntary profit "squeezing"; but either way, their purpose is to "share" the life right out of employers' profits— the fellow who is supposed to provide the jobs.

Nor are these enthusiastic "sharers" discouraged by the fact that profits have already been squeezed considerably. For seven successive years, corporate profits as a whole have been less than they were in 1950; and—as a percentage of the national income—they have shrunk by more than one-third during that interval. But the profit squeezing propaganda has not.

Come the sun in the morning or the moon at night, their propaganda moves into millions of homes by television, by radio, by the employee press, and by so-called "educational" movies produced and circulated by employee organizations. And by all of these means, the theme song of this great campaign is pounded home in simple terms: profits are excessive; profits cause inflation and breed recession; profits, in short, are the root of all evil; and only by forcing employers to put more of the profits in the pay envelopes of the employees can the economic salvation of the nation be achieved.

The most remarkable thing about this latest "share the wealth" campaign, of course, is that were it to succeed, its principal victims would be its intended beneficiaries—the employees of American business—the self-same employees, in fact, who are financing this propaganda out of their pay envelopes. Less remarkable, perhaps, is the fact that this campaign is being innocently supported by large numbers of well-meaning people who sincerely want the United States to prosper and to be strong; and who yet seem to think that somehow this can be brought about by eroding the one thing our economy must have to live on and to grow on: a working profit!

Clearly the three campaigns that I have described are the business of all of us. We cannot afford to neglect them, nor to leave our nation prey to this destructive propaganda. And since time does not permit an adequate examination of all three now, I propose that we spend some time with the profit squeezers.

Why does their siren song appeal to so many good, loyal, sincere, high-minded, and thoroughly patriotic Americans? Could it possibly be that we in business have failed to apprise our fellow Americans of the facts about profits, and what profits do for people?

Well, I'm very much afraid that it could. It may be true that we have given people the impression that the primary concern of American business lies in reaping profits, as such—a pile of money as an end in itself. If so, I would like to make some contribution toward dispelling that misconception, because it just isn't true . . . either in your business or in ours.

In our business, I know that the principal concern of the management of United States Steel is people—people who are customers, people who are employees, people who are pensioners, people who are shareowners, people who are suppliers—and people who are just people . . . the publics of America and of the world who expect us to contribute to their material well-being by providing ever-greater quantities and ever-better qualities of steel. And when each dollar of the profit we earn has been spent—as it always is—it has contributed in some important way to the welfare of all of these people.

But obviously we haven't made that clear to our fellow citizens, because few of the profit detractors, I am sure, would consciously advocate a course which would fatally injure our nation's economy. The mere fact that they didn't *mean* to kill it, however, would be cold comfort after the deed was done.

So let us try to put aside all the emotional reactions which the word "profit" inevitably evokes. Let us not seek to put the finger of blame upon any one, or any group, for any of our economic ills. Rather let us use a little plain, old-fashioned, horse sense, or perhaps I'd better just call it "common sense."

But with that in mind, let's start out by saying to our friends, the profit squeezers: "Look. We're all Americans. We all want what is best for our country. We all have our problems; and because we see them from widely divergent viewpoints, they seem to be different problems. But they aren't. They are just different sides of the same problem. So in the light of simple reason let's seek out the facts together, and follow them, without prejudice, wherever they may lead us."

Analyzes Profits

Now what are the facts about profits? In fact, what *are* profits?

The dictionary says that a profit is the amount by which the receipts of a business exceed the expenses. In other words, it is what is left over in the cash register after all of the bills have been paid. And that, of course, is the popular, everyday concept of a profit.

Most people, therefore, think of a profit as so much "gravy"—something that it is nice to have, but that really isn't absolutely necessary. They know that if a business doesn't take in enough money from its customers to pay its bills, it will soon go broke; so they understand that it has to charge enough for its products to meet its expenses. They will also agree—or at least most of them will—that a company is entitled to a profit, as a reward for the services it has performed; but still they look upon this as a kind of indulgence—or dessert—that could be dispensed with, should the national interest require, without fatal consequences to the company or to the national economy.

Beyond that, they have widely varying opinions as to how much profit, if any, there should properly be. And if they ever stop to think at all about what happens to a profit, they usually picture it as something that goes into the "company's pocket"—as though a company were an actual person who might go out and squander these profits, for his actual enjoyment, on such luxuries as yachts or racing stables, or the acquisition of a private art collection.

But few people, I suspect, have any idea of what actually does happen to the profits of a corporation—what they are used for, where they go, and how they affect the well-being of people; of employees and shareowners, customers and suppliers; and all of the other people of the nation.

So by way of example, let's look for a moment at the records of United States Steel, and see what really happened to all the money we received from our customers last year in payment for all of the products and services they bought from us.

Well that was a whole lot of money—more than $4 billion; and while this may be chicken feed in a Federal budget, it's a great deal more money than many of us can even comprehend. So let's look at it in terms that even a chairman of the board can understand, and see what happened to each individual dollar of it.

Out of every dollar our customers paid us, we spent 90½ cents to meet our bills—to pay for the wages, salaries and benefits of our employees, to pay for all the materials and services we bought from our suppliers, to pay our taxes and to meet—in part—the cost of replacing the plants and facilities that wore out during the year. That left us with a reported profit of 9½ cents.

Now what happened to that profit? Where did it go?

Well first of all we had to finish the job of providing for the replacement of the tools and equipment that were used up last year in production. And since the depreciation allowed by the tax laws was not sufficient to meet this re-

*An address by Mr. Blough before the Automotive Parts Manufacturers Association, Detroit, Michigan, Jan. 31, 1958.

placement cost, we had to devote 2 cents of our profit to this purpose. So this 2 cents was only a phantom profit which went to keep our facilities intact. We had to use it, just to stand still.

And that left us with 7½ cents of what I would call real profit.

The first thing we had to do with this was to repay an instalment on a $300 million loan we got several years ago. That took about seven-tenths of one cent and left 6 and eight-tenths cents of the profit.

Next we had to pay the owners of our business for all of the billions of dollars worth of plants, furnaces, mills, machines, equipment, and tools that they provided for the company and for the use of our employees. So 4 cents went to them in dividends for this purpose.

And all that was left of our profit then was 2 and eight-tenths cents "to grow on." Now was this money salted away in a bank, or hoarded for use on some rainy day?

Oh, no; not a bit of it! This, for example, was the money we spent to develop new sources of iron ore and other raw materials—to enlarge and improve our research laboratories; to build sintering plants and coal washers and other facilities that will help us to hold down the cost of steel, and that will enable us to play a responsible part in meeting the future steel needs of this growing nation of ours.

So that's what happened to the profit which United States Steel earned last year. Every penny of it came from people; and every penny of it went back to people. From people to people in one operation!

But in the course of its travels, that profit made possible the production of millions of tons of quality steel and other products that the American public wanted, needed, and used. Thus, it added enormously to the material wealth of the nation as a whole. It was in truth a "working profit" working for the welfare of everyone.

Yet the profit-squeezers — demanding more consumer purchasing power — still tell us that we made so many million dollars of profit last year and that we could pay a lot of wages out of that, if we wanted to.

Well, let's think that over, two ways:

First, if we take a part—or all—of these profits and put them into the pay envelopes of our own employee people, we can only do so by withholding them from other consumer people—for example the workers of another employer who is building a new mill for us—and consumer purchasing power as a whole will not have been increased, in the process, by so much as a thin dime's worth!

And second, if the profit-subtractors should succeed in forcing us to use these profits in this way, which part of them would they have us take from which people, and what effect will this have upon the welfare and security of the very employees who are supposed to be the beneficiaries of this process? Can they really afford to subtract from these profits —and if so, where?

Possible Consequences

Let's look at each possibility:

First there is that "phantom profit" I mentioned, which goes to replace our worn-out and obsolete facilities. If we don't replace these tools of production when they can no longer be used efficiently, then our productive capacity begins to shrink and so does our payroll. Ultimately, of course, we would have no plants left, no payrolls and no jobs to offer; and our 100,000 customers who depend on us for a part, or all, of their steel supply would not have the metal necessary to fill their customers' orders and to provide jobs for their employees. So this clearly is

Continued on page 20

Canada's Business and Financial Leaders Speak After Turn of Year

A principal feature of our Canadian Annual Review and Outlook Issue of Jan. 30 was the series of commentaries especially written for the "Chronicle" reflecting the views of Canadian Government officials, bankers and businessmen as to the probable trend of the nation's economy this year. In this connection, the accompanying statement by Hon. Leslie M. Frost, Prime Minister of Ontario, did not come to hand in time for inclusion in last week's issue. The views expressed by M. S. Beringer, President of The British American Oil Co. Ltd., are being reproduced due to the fact that the picture used in the earlier issue was not that of the author.—Editor.

M. S. BERINGER

President, The British American Oil Company, Limited

During 1957, expansion of the Canadian petroleum industry was at a somewhat slower rate than that maintained in 1956. This moderate leveling-off was in line with overall economic activity. Even so, demand for petroleum products increased 7% and continued to outpace the general economic growth.

M. S. Beringer

It is expected that a period of adjustment and flattening-out in business activity will continue well into 1958 and will, of course, have its influence on the petroleum industry. However, the situation in Canada should strengthen as the year progresses and 1958 is expected to bring a renewal surge of growth at record levels in some phases of the industry.

The daily average crude production in 1957 was about 500,000 barrels—an increase over 1956 despite the slackened demand resulting from the loss in the California market and some reduction in demand from the U. S. Pacific Northwest refineries. Both of these factors adversely affected Alberta nominations. Assuming that exports in 1958 will hold at about the same level as in 1957, crude production should increase to a daily average of 550,000 barrels, which is still far short of Western Canada's producing potential. Currently, this is about 900,000 b/d and is estimated to increase to one million b/d by the end of 1958. Canada's refineries are expected to attain a capacity of 785,000 b/d in 1958—about 11% over 1957.

In Canada's energy picture, new prominence is being given to natural gas. During 1957, Westcoast Transmission completed their line and Trans-Canada continued work on the line from the Alberta-Saskatchewan border to Montreal, scheduled for completion late in 1958. The natural gas development will be increasingly important. It is estimated that a total population of over 7 million, with nearly 1.3 million potential customers, will be within economic distribution reach of either the Westcoast Transmission or Trans-Canada natural gas lines. Growth possibilities for this energy source (new to much of the country) should mean a great surge of expansion in many fields of industry.

Regarding Canada's general economic picture, present considered opinion is that before the end of 1958 the nation will see a resumption of the growth that has been so characteristic of the economy in recent years.

HON. LESLIE M. FROST

Prime Minister, Province of Ontario

For the past dozen years the Canadian economy has experienced an unprecedented and, indeed, an unrivaled rate of growth and development. Canada's Gross National Product is now more than two and a half times what it was 12 years ago and her population has increased by one-third during the same period. Blessed by a high birth rate and a large flow of immigrants the Canadian population has been increased by over half a million a year and has now reached 17 million.

Hon. L. M. Frost

Since the end of World War II virtually all phases of production have shown tremendous progress. The discovery and large-scale development of many new natural resources such as oil, natural gas and iron ore have complemented the vast expansion in production of copper, nickel, aluminum, pulp and paper, and other forest products. Canada's manufacturing industry has become integrated and diversified as never before. Service industries are emerging as a more and more important element in the nation's economy. Supporting and facilitating this development has been a record breaking volume of capital investment which has consistently represented 20 to 25% of the Gross National Product.

The growth of foreign trade has been another significant feature of Canada's development. Exporting and importing, a combined total of over $10 billion worth of commodities, Canada is the fourth largest trading power in the world. To Canada, with her vast resources and specialized low-cost production, foreign trade is her life's blood, but an expanding domestic market—in the terms of purchasing power, second only to that of the United States—has also afforded opportunities for the expansion of domestic manufacture and service industries.

After increases in our Gross National Product of 10% in each of the years 1955 and 1956, the increase last year was only about 3%. This reflected slackening activity in certain sectors of our economy which had rarely looked back in more than a dozen years. The drop in world prices for copper, lead and zinc, the fall of production below capacity in a number of key products such as newsprint, and the flattening out of the demand for motor vehicles, electrical appliances and other durables after the feverish rate of consumer buying characteristic of the last dozen years, have inevitably brought about an adjustment which has affected the general rate of activity.

All levels of government are acutely aware of the repercussions inherent in lower rates of production and reduced markets. Tremendous construction projects such as the Trans Canada Pipeline, St. Lawrence Seaway, new power facilities, and public buildings, highways and institutions are underway and will carry on in 1958, contributing indefinitely to economic stability. These government projects and the recent stimulus given to housing, the higher incomes and buoyant retail sales of 1957, and current signs of easier money are encouraging aspects of an economy which in turn has the stabilizing elements of pension plans, family allowances and relief payments.

Underlying all these statistics, trends and attitudes are indestructible factors of growth. Any country whose population increases annually at a rate of 3% can regard over production as simply a temporary phenomenon. For a short time it will result in cut backs in output and unemployment. But a rapidly growing population such as is found in Canada, public and institutional requirements and potential consumer needs are forever expanding. This fact, along with future world demand for Canada's resources, confidence that inflationary forces can be and are controlled, and a healthy level of capital investment provides assurances of continued economic growth. Although business investment, particularly in new machinery and equipment, will be slightly lower in 1958 than in the past year, capital expenditures in other fields will maintain a high level of activity in the construction industry, one of the most influential and vital factors in an expanding economy. In the past three years Canada has invested a total of $22.8 billion in new plant, machinery and equipment. During 1957 alone a new record was set even though expenditures in 1956 had shown an increase of 25% over the preceding year. The very fact that this year business and governments will together invest what will probably be the second largest amount in Canadian history is evidence enough of Canada's belief in the long-term prospects for her products. It is testimony of confidence in the future.

Spencer Trask & Co. Celebrate 90 Years

Spencer Trask & Co., members of the New York and American Stock Exchanges, on Feb. 3, celebrated the 90th Anniversary of its founding. The firm was established shortly after the Civil War as Trask & Stone and adopted the present name in 1881.

Spencer Trask, founder of the firm, was an early financial supporter of Thomas A. Edison, helping the inventor underwrite the cost of perfecting the incandescent lamp. Mr. Trask later also served as President of Edison Electric Illuminating Company (New York City), the first distributor of commercial electricity in the world.

Over the years Mr. Trask maintained an active interest with developments in the electrical industry, participating actively with the Edison Electric Light Company, manufacturer of Edison's revolutionary lamp, and with the Edison General Electric Company, which later became General Electric. As a result of Mr. Trask's interest the company became actively engaged in the expansion of public utility operations in the U. S.

Spencer Trask, with its head office in New York, also maintains offices in Albany, Boston, Chicago, Glen Falls (N. Y.), Nashville, Schenectady and Worcester, Mass.

With Paine, Webber Co.

(Special to The Financial Chronicle)

CLEVELAND, Ohio — Virginia B. MacAllister has joined the staff of Paine, Webber, Jackson & Curtis, Union Commerce Building. Miss MacAllister was previously with John P. Witt & Co.

How Much Recession?

By DR. H. E. LUEDICKE*
Editor, "The Journal of Commerce," New York City

Prominent business newspaper editor sees current recession posing a dilemma for Washington in deciding "whether for domestic and international reasons" we should fight deflation, or not. Dr. Luedicke would have the Administration, Congress, and the Federal Reserve keep economy on a sound level course. Opines: (1) 1958 recession probably will not rival 1937-38 recession; (2) turning point may come late in 1958, and (3) Government intervention need not wait until recession runs its course, but can become effective after a six to nine months' time lag. Critiques factor of confidence as an economic force, and decries attempts to increase purchasing power *via* paper dollar issue or broadening the credit base.

Business forecasting is a lot like golf: the next shot is always the most important and the most difficult one.

Heinz E. Luedicke

The forecast for 1958 should have been quite simple. The biggest question of the preceding two or three years had been when the "vulnerabilities" that had been gradually developing as the postwar boom kept on rolling would finally break into the open and bring about what has long been going by the dirty name of a "secondary postwar recession."

For years now, whenever there was a wriggle in the business trend, the anxious business man—like the bit player in a school play with only one line to speak—kept on asking "Now?" only to be told just as regularly "not yet."

In 1957, these vulnerabilities finally caught up with us. The breakthrough did occur; and when it did, it still took quite a few economists, bankers, and business leaders — inside Washington and elsewhere in the country—by surprise although there had been ample forewarnings.

It was actually rather disturbing that it took the Federal Reserve Board until late September before it recognized the handwriting on the wall and admitted that a change in the business climate was taking place.

The downturn in business has now been clearly established—both statistically and psychologically. Yet, far from simplifying the forecasts for 1958, the fourth-quarter decline has raised a whole crop of new questions—as yet unanswered.

Key Problems in 1958

There is no clear-cut answer to the innocent and seemingly simple question of how far the current decline in business activity will go and when its low point will be reached.

Instead, there are at least three questions—all of them quite complex—that must be explored and answered first. Here they are:

Question No. 1 is how the current decline thus far compares with the recessions in 1954 and 1949. There is a widespread impression that the current decline is already a good deal more serious. Yet all that can actually be said at this time with any degree of assurance is that the current decline is "potentially" more dangerous. The 1958 recession could turn out to be quite severe—but does not necessarily have to rival the 1937/1938 recession, and probably won't.

Question No. 2 is how much correction will be needed in order to get the economy back on a sound growth pattern. It is by no means easy to determine how much corrective pressure should be applied or how much corrective pressure can be safely permitted without precipitating a downward spiral.

This raises the complex problem of the government's role in the current recession. At what point should the government intervene in order to reverse the decline? How determined should such intervention be? What are its chances of success? Specifically, can economic policy be permitted to involve the risk of another inflationary whirl?

Contrary to a widely held opinion that such intervention is doomed to failure until a recession has "run its course," I believe that—for better or for worse—it can be effective although it may take a six to nine months' time lag before it takes hold. This belief has nothing to do with the advisability, soundness, and ultimate outcome of such economic policies.

Question No. 3 concerns the duration of the decline. Late in 1957, economists of the often-wrong-but-never-in-doubt school of forecasting formed a new "Six Months' Club," held together by the prediction that by some stroke of magic the current decline will terminate at the stroke of midnight on July 1, 1958, and that the second-half upturn will erase the first-half losses.

This "Six Months' Club" was an immediate success. The fact of the matter is that at the moment most economists, bankers, and business men are betting on something resembling a second-half miracle. To be sure, there is a minority in the picture which, while small in numbers, is quite vocal in warning that the adjustment difficulties which lie ahead are more serious than the optimists believe.

Actually, we do not know of any forecasting method or any set of statistics or any series of "anticipatory" data on business men's or consumers' "intentions" that make it safe to fix the next turning point in the business trend without resort to outright guessing. My current guess, by the way, is that, barring war or a sudden threat of peace, this turning point may come late in 1958.

Monday Morning Quarterbacking

Numerous economists and business men—and I presume bankers as well—have already made up their minds that the current business decline is more serious than the inventory recessions of 1954 and 1949.

Statistically, this question can be answered only after the current recession is over—and let's by all means call the current decline a recession and stop all the nonsense of trying to make it more palatable by using a more polite word.

Using the 1954 recession for purposes of comparison, here, in a few bold strokes, is the picture:

The 1953-1954 recession extended from the third quarter of 1953 through the third quarter of 1954.

Over this period, government spending dropped $8 billion and gross private domestic investment declined $5 billion. The drop in business spending was due to a sharp swing from inventory accumulation to inventory liquidation, while plant and equipment spending showed only a small decline.

On the other hand, consumer spending during that recession year rose $6 billion, pushed along by a $3 billion tax cut.

These figures added up to what, after it was all over, we came to call a "moderate recession." Roughly speaking, it was a 10% recession measured in terms of industrial production and the number of production workers in manufacturing industries, although GNP figures showed that the setback was less than 2%. After that, GNP became known as GNT—the Great National Tranquilizer—and perhaps it is my only claim to fame that I was the first one to coin this phrase.

Figures With Different Meaning

The optimists among the economists currently maintain that we are not facing the kind of cutback in business investment and government spending that we experienced in the 1953-1954 recession. Some of them have made such statements with the word "certainly" added for extra emphasis.

In GNP mythology, such a finding implies that there is no serious threat to consumer spending which is a function of the purchasing power generating sectors of the economy. That is behind the optimistic conclusion that only a mild and brief recession is imminent. It may not be mild and brief enough to qualify as a mere "breather" but will probably stay within the range of the earlier postwar recessions.

It can now be regarded as certain that total government spending in 1958 will run higher than in 1957. An increase of about $5 billion may prove a conservative guess. Actually, there is a strong possibility that the annual rate of Federal, State, and municipal spending for goods and services will rise even faster in the latter part of the year, particularly if Administration and Congress get together soon on a massive public-works-type anti-recession program.

This will provide cushion against lower plant and expansion spending—the only trouble is that we have no way of telling how severe a decline in business spending will have to be shockproofed in this manner.

Contrary to 1953-1954, declining plant and equipment expenditures this time will contribute more to the prospective drop in gross private domestic investment than shifts in inventory policies.

The Changing Investment Pattern

Unfortunately, this is an economic sector in which we have to rely largely on guesses. We just don't know how much business spending for plant and equipment as well as for inventories will drop this year.

If there is any merit in consensus figures—which I doubt because I don't believe that there is safety in numbers when it comes to the analysis of business trends—I would say that the consensus is for a drop of about $5 billion in plant and equipment spending and inventory liquidation to the tune of perhaps $2 billion. In addition, it is generally expected that exports this year will drop some $3 to $4 billion.

These guesses add up to a potential decline of $10 billion, which would put the 1958 potential combined decline in government and investment outlays somewhere in the neighborhood of $5 billion.

Current plant and equipment spending estimates are largely based on surveys of intended expenditures that were made late in the third quarter of 1957. These estimates took on a darker hue when the National Industrial Conference Board reported that new appropriations for capital investments by the country's 1,000 largest manufacturing companies took an additional sharp tumble in the third quarter of 1957. Such cuts in appropriations probably foreshadow progressive declines in actual plant and equipment spending as 1958 rolls along.

The data we now have on capital spending intentions all were developed during the extended postwar boom. We have yet to learn how they will stand up in a period of business decline.

It was obvious as far back as a year ago that the appearance of excess capacity in a rising number of industries, the weakening in the economy's liquidity position, and the progressive squeeze on corporate profits were gradually but persistently leading to a showdown on the investment boom. It was at that precise moment that tight money became effective, thereby adding to the woes of the investment boom.

The general impression now is that, on the average, manufacturing industries are using only 80% of their existing plant capacities, perhaps even less. But here again, it is difficult to say just what such an "average" really means as conditions in specific industries vary widely.

The Puzzle of 1958

The wide range of prognostications for 1958—all the way from a mild and brief adjustment to the expectation of a protracted cyclical recession—is quite puzzling if it is remembered that all economists and analysts must work from the same set of statistical data.

The only explanation I am able to offer for the current sharply divergent interpretations of the outlook is that even at this late stage of the postwar boom few observers seem to comprehend the full force of the boom that carried us along to the point where we found ourselves—yesterday.

Statistics can tell this dramatic story only in part. Actually, there is reason to suspect that the true extent of the boom is greater than the statistics indicate because current tax policies have caused numerous understatements of the boom in such economic areas as inventories and capital investments. The LIFO accounting method for inventories was specifically designed to limit inventory profits in boom periods with rising prices. Similarly, high tax rates have been encouraging the practice to treat repair items wherever possible as current expenses rather than to capitalize them.

This further complicates the evaluation of the current severity of existing excess plant capacity. There is little doubt that the economy, in time, will not only grow into the enlarged plant capacity but will outgrow it once again. The question is how soon. A number of students of long-term trends are now stressing that the problem of overcapacity, based on long-term growth rates, is not nearly so serious or acute as the alarmists would have us believe.

While it is true that profit prospects are the determining near-term factor in plant investment—and a company certainly can't make profits from idle equipment—a number of medium and longer range factors are operative that argue against anything like a precipitous and protracted decline in capital spending.

On the top of this list is the realization that population growth, the prospective increase in family formation once the war-baby crop is ready to give up its freedom for marriage, and continued technological progress will make continuous long-range investment planning necessary. For manufacturing companies, it is a question of life or death not to fall behind in the competitive race which makes steady product improvement and more efficient plant operations to offset higher labor costs a must.

A Paradox

The warning against too much bearishness in estimating capital spending for the next year or two is underscored by still another thought.

To be sure, it is probably true that we do not fully comprehend the extent of the postwar boom. Everything we touched since the end of World War II turned to boom. There was an unbroken chain of boom on boom from the initial postwar replacement boom on to the foreign aid boom, the Korean defense boom; the housing boom; the instalment credit boom; the suburban boom; the capital goods boom which came in several phases; the stockpiling boom and the atomic energy boom.

For years we have talked about how lucky we were because, each time one phase of the postwar boom started to lose steam, something new came to the rescue. Even now, much of the current bearish talk is tempered by an almost childlike belief that this time, once again, something will come along to bail us out. Most of the betting is on a new phase of the defense boom, either by itself or in conjunction with a new phase in the public works boom.

Yet, important as it is not to lose sight of the recent boom excesses, apprehension over them should be tempered because of the realization that despite this succession of booms, we just about managed to stand still for nearly two years.

This has been widely interpreted as a sign of imminent weakness or danger. But isn't it also a valid argument for the more comforting thought that the recent combination of tight money and apprehension over the ultimate consequences of a boom-and-bust pattern must have slowed down new maladjustments?

Moreover, there is evidence that, under the umbrella of the boom, some maladjustments have been corrected all along. That is why this period became known as the era of the "rolling adjustment." This is not a scientific term but a rather descriptive one, used to convey the idea that industries were taking turns in getting into trouble.

These piecemeal adjustments probably were real blessings in disguise because they served as safety valves without which boom pressures would have led to more violent explosions.

The Factor of Confidence

It is one of the greatest fallacies in modern economics to believe that purchasing power can be treated by issuing paper dollars or broadening the credit base. There is only one sound way of creating purchasing power: production.

That does not mean, however, that psychology—or more precisely the factor of confidence—can be ignored as an economic force. Over the longer run psychology cannot run counter to basic economic facts; but at critical times when the economic trend hangs in the balance, psychology—confidence or the loss of confidence whatever the case may be—can become a decisive factor.

It is nonsense to assume, as most of our union leaders do, that consumer spending can be increased indefinitely without inflation if the purchasing power-generating sectors of the economy are in a protracted decline. Attempts to build "confidence" on policies that either unwittingly or by design will lead to a continued loss of purchasing power of the dollar are not only economically unsound, but they are a terrible fraud on the American people.

Perhaps the most outstanding feature of the 1954 recession was the fact that consumer spending

*An address by Dr. Luedicke before the 10th National Credit Conference sponsored by Credit Policy Commission of American Bankers Association, Chicago, Jan. 17, 1958.

kept on rising, even though roughly half of the gain was due to a tax cut.

Unfortunately, it cannot be taken for granted that this experience will be repeated. Since 1954, three years have gone by during which consumers have greatly improved their inventory position. In these years, they have used cash and credit often to the point of recklessness. Unparalleled automobile, housing, and appliance booms were crowded into a few years.

It has not been until quite recently that retail sales have lost their edge. It is extremely important to understand the true reasons for this slow-up. It was by no means due only, or even primarily, to a loss of confidence in economy, but largely to the fact that consumers now are so well stocked that purchases beyond the necessities of life are postponable to an unusual extent.

It is this "postponability" of consumer purchases that worries retailers and economists considerably because it can, in turn, lead to an erosion in confidence. Obviously, we are skating on rather thin ice in this respect because we are dealing here with the possibility of a chain reaction that could conceivably lead into a vicious circle.

Thus far, we are still dealing primarily with signs of increasing consumer hesitation which are at least partly due to resentment over high finished-goods prices. Nevertheless, it would take a brave man indeed to bet that cuts in consumer goods prices, at this time, would galvanize consumer demand.

Thus, we are forced to the conclusion that "confidence" at the moment is a neutral factor that could go either way but that is not likely to precipitate a confidence crisis unless the business community, the general public, or both turn panicky and start pulling in their horns, thereby setting a downward spiral in motion.

The Role of Economic Policy

There is general agreement among businessmen, economists, and politicians that, desirable as the correction of existing maladjustments in such economic areas as inventories, prices, and production schedules is, a downward spiral with the threat of a deep recession would be a major calamity. It follows, therefore, that even without the mandate written into the Employment Act of 1946, Administration, Congress, and Federal Reserve Board must do their level best to keep the economy on a sound course. This does not mean, however, that they must keep the economy in a state of permanent excitement and boom.

Those who believe that the economy, left to its own devices, would be in for a sharp and protracted decline, feel strongly that a massive anti-recession program should be launched without further loss of time.

Chances are that Washington will go along with these proposals as soon as its corps of economists feels that the threat is as acute as pictured by the pessimists.

Washington agrees that, at this particular time, a serious recession in the United States must be fought for both domestic and international reasons. Following our loss of prestige among our foreign friends as the result of the first two Russian Sputniks, the shock of a serious recession in the United States would mean a further loss of prestige for us and a serious economic blow for the whole Free World. We certainly cannot fight a cold war with a depression on our hands.

On the other hand, if these gloomy predictions were to turn out exaggerated or wrong, the launching of an all-out anti-recession program would constitute a dangerous gamble with a revival of inflationary pressures.

In the final analysis, the big question that must be decided in Washington is whether for domestic and international reasons it is preferable to throw up an immediate strong defense against further deflation or whether such a program actually might undermine confidence because it would be interpreted as a sign of weakness —amounting to a confession that we do not know how to deal with even temporary difficulties without resort to inflation of one kind or another.

This is a tough decision. Regardless of how strongly Washington is committed to a policy of stopping inflation, it must be realized that there is no such thing as a permanent balance between inflationary and deflationary forces. It has to be one or the other. In a few days—when there has been time to digest the President's annual Economic Report to Congress and the Administration's proposals on economic policy in it — we'll know which way the wind will be blowing along the Potomac this year.

Landon Cabell With Television Shares

RICHMOND, Va. — Television Shares Management Corporation announce that effective Feb. 1, 1958, Landon P. Cabell will act as field representative replacing John R. Jamieson, who has been transferred to Southern California.

Mr. Cabell was formerly a partner of Branch, Cabell & Co., Richmond, Va.

E. F. Hutton & Co. Has Wire to Toronto

The stock brokerage firm of E. F. Hutton & Co., 61 Broadway, New York City, members of the New York Stock Exchange, has established a private wire connection with Ross, Knowles & Co. Ltd. of Toronto, members of leading Canadian exchanges, it was announced by Ruloff E. Cutten, senior managing partner of E. F. Hutton.

Known as one of Canada's most prominent brokerage concerns, Ross, Knowles & Co. are dealers in Canadian Government, industrial, mining and oil securities and are also underwriters for important mining interests. They maintain their own wire system to seven branch offices in Ontario, and have private telephone connections to over 45 leading banks and investment companies in the Dominion.

3 With McNeel-Rankin

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga.—Ray W. Johnstone, Calvin L. McIntyre, and J. R. Rankin have joined the staff of McNeel-Rankin, Inc., Candler Building. Mr. Johnstone was previously with J. W. Tindall & Co.

With Mountain States

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Robert G. Harris is with Mountain States Securities Corporation, Denver Club Building.

Correcting the Economic Imbalance Through Collective Bargaining

By WALTER P. REUTHER*

President, United Automobile Workers, CIO-AFL

Increased purchasing power is Mr. Reuther's prescription to restore production and employment, and maximize standard of living. The auto union leader contends disproportionate share of income produced goes to profits at the expense of wages and is, thus, responsible for our economic troubles. To rectify this claimed source of economic imbalance, the UAW head proposes a two package approach for this year's negotiations: one, a basic economic wage package based on national productivity measured under full employment conditions, and to include increased SUB-GAW provisions, pension portfolio management, etc.; and, two, profit-sharing supplementary demand package with profits to be determined at year's end and tailored to fit individual firms and locals.

Now I want to get down to the basic problems that bring us together. We meet, as we know, at a time when the economies of the United States and Canada ought to be in high gear, ought to be providing full employment and full production to satisfy the unfilled human needs at home and to create that economic margin essential to the effective implementation of our world responsibilities. Instead of having full employment and full production, we have a situation where unemployment is increasing by leaps and bounds and the economy is limping along in low gear.

Walter P. Reuther

What is the problem? It is important that you and I and, in turn, our membership and, in turn, the public understand what our problem is. You don't have to be an economist who is graduated from Yale or Harvard or the other Ivy League universities with a Ph. D. degree in economics to understand what the problem is.

We are in trouble in 1958 for the same basic reason that we were in trouble in 1929. We are in trouble because the productive capacity of America has been expanding at an amazing rate but the purchasing power in the hands of the people of the United States and Canada has not expanded in like proportions. We have therefore developed a serious imbalance between expanded productive power and lagging purchasing power. I think it important that we take enough time here to go over the whole thing carefully. Only as our membership understands these problems and as we make the public understand them will the public know why we are pressing at the bargaining table for an expansion of purchasing power in order to correct this serious imbalance between the ability of American industries to create economic wealth and the inability of the American people in the United States and Canada to consume that economic wealth.

Some of you may have seen this feature article in "Fortune Magazine" some time back where in a historic analysis they told us what happened in 1929 and why we got in trouble. This is worth reading again.

This article is entitled "Portrait of an Economy Going to Pot." Let me just read one short paragraph out of this article. What was true in the period before 1929 is equally true in the period leading up to 1958. Here is what "Fortune Magazine" said when it was explaining why we got in trouble in 1929. The title of the paragraph is "How the Pie Was Sliced." It tells how the economic pie, how the gross national product was shared between the various economic groups.

"Factory productivity measured as output per man hour increased rapidly throughout the 20's but hourly factory wages did not keep pace," "Fortune" said, "A rise in share of the national income in the late 20's went to upper income groups. Interests, profits and rents rose 14% between 1926 and 1929, while wages and salaries rose only 7% in that period."

This is what "Fortune Magazine" said as to why we got in trouble in 1929. That is parallel with the period we are discussing. We are making the same mistakes for the same reasons.

Disproportionate Shares Cause Unemployment

The big businessmen who control and who therefore dictate basic economic policies as to wages and prices and profits, who also have more to say about the government than they have had in 20 years, are making the same mistakes and they are again taking unto themselves a disproportionately large share of the fruits of our developing economy. When they take more than their share, as they did before 1929, as they have been doing in the last few years under the new Republican Administration—we shortchanged the consumer, we shortchanged the worker, we shortchanged the farmer and we created this imbalance which in turn creates unemployment. Unemployment breeds more unemployment and the imbalance gets greater and greater. It is that simple.

When we fight for economic justice to wage earners and their families, we are doing more than fighting for justice. We are fighting for the kind of realistic economic policies without which our economy cannot prosper, without which full employment and full production cannot be achieved or maintained. Economic justice and economic necessity go together, and one complements the other. If workers don't get justice, then the economy gets in trouble. That is precisely what has been happening.

It is worth the time to talk about this in detail because these basic economic facts that we hope to talk about at the bargaining table are the arithmetic and the key to what we are going to be doing. They are the key to the future of the American economy, to the kind of living standards we are going to have, as to whether or not we are going to have full employment or full production.

Therefore, I would like to develop some of these economic facts that we will be talking about at the bargaining table and that we will be talking about with the American public and the people in both the United States and Canada. Only as we get them to understand these basic facts can we get their support in the struggle that lies ahead.

Let's look at where we are. Every effort has been made to corrupt public opinion into believing that the imbalance in the economy is the result of labor unions pressing for higher and higher wages, creating higher and higher prices, and that out of that inflationary situation the imbalance results. What are the facts?

Absolves Labor's Share

Let's look at what has been happening to the sharing of the fruits of our developing technology. In the period of 1952 through 1957, this is essentially the period in which big business has taken over the government again. After all deductions, the profits of corporations went up 48% during that period. The income from interest reflects the banker's holidays that they have had under the tight money policy of the Republican Administration. Their income went up 52%. Dividends went up 38.9% and wages and salaries went up 30.2%.

That's an indication of why we get in trouble. But that doesn't tell the whole story.

You see, they have been beating the ear drums of the American people for these many, many months, and they have been trying to get people to believe that we in the labor movement triggered the inflationary spiral by higher wages.

As we all know, the classical explanation of an inflationary situation is where the demands for goods and services exceeds the capacity of the economy to satisfy those demands. When there are two people competing for one product, they bid up the price of that product in the market place. Now, that's the way the textbooks tell us we get inflation.

But we have had inflation in America under circumstances where the availability of goods was much greater than the demand, because people didn't have the purchasing power.

What caused inflation, then, if there was no consumer pressure upon a limited amount of goods available? Well, we have gone through the most cockeyed kind of inflation in the history of the world. And we have got inflation under circumstances when there were much more goods than there were customers.

According to every textbook, that's impossible, but it happened because we have artificially rigged inflation, rigged arbitrarily by powerful economic corporations exercising their monopoly and dominance of vital segments of the American economy, who arbitrarily, in defiance of the laws of supply and demand, set the price at the level that they arbitrarily choose.

What happened to the relationship between profit increase and the lag in wages?

Blames Profits' Rise

It indicates that the profits of these giant corporations, corporations with $100,000,000 of assets or more—and your Union bargains with a large number of those giant corporations—their profits in the same period from 1952 to 1957 went up 79.1%. They took it out on the workers. They took it out on the consumers. They took it out on the American farmers. But they got their 79.1% increase in take-home profits.

What happened to wages in the same period? The average factory wages of all manufacturing workers went up 19.2% as contrasted to the 79.1% increase in profits. The average weekly manufacturing wage today is $74.97 per week. If the average factory worker in America had made the same gain that these big corporations made in the period between 1952 and 1957 every factory worker in America would now be getting $37.63 more take-home pay. He would be getting $112.60 a week rather than 74.97 a week.

This is the real story of how the pie has been sliced in this period, and this shows that we are doing exactly the same thing that "Fortune Magazine" said was done in the period that led to the depression in 1929. The people who get more than they need keep getting a larger and larger percentage of the economic pie, and the millions and millions of Americans who need more purchasing power to buy the things they need to raise the family, to do all the other things necessary to meet their share because the big corporations have got their share plus a share that should go to workers and consumers.

Now, that looks bad and it is bad. But when you compare what the Big Three have done it makes this look relatively reasonable by comparison. Take General Motors. Between 1947 and 1957 their profits went up 260% before taxes. Wages went up 72%.

Take Ford for the period of 1948 through 1957 their profits went up 329%. Wages went up 70%.

So that the profits of the Big Three are more out of line than are the profits of this group of giant corporations with assets over a hundred million dollars.

Now what have they been doing with this money? Well, they have been doing a lot of things. I noticed in the paper the other day that Mr. Kanzler, a Ford executive, is reported in the society of the "Detroit Free Press" to be building another house. I don't ordinarily read the society section, but on Jan. 13, the big headline says, "They will have four homes from here to France." It went on to say that Mr. Kanzler and his wife were a very happy couple flitting from one home in Grosse Point to one up in Maine, from the one in Maine to the one in Miami Beach, and now Mr. Kanzler is going to leave for Southern France where he is building his fourth estate.

Now, ain't that just ducky? This is the kind of a guy who stands with Senator Goldwater and says that they have to get control of Michigan so that they can take care of the people's needs because Reuther, the UAW and Governor Williams are selling the people down the river. Well, all I can say is he is going to be so darn busy between his houses he won't have any time to do any work.

While we are on the society page there is another nice little squib here. It says "Speaking of the Fords, we heard that Mr. and Mrs. Benson Ford are having a yacht built in Nassau and will christen it with a party in June. It is built along the lines of their older boat only it is bigger."

Then it goes on, "Our source told us also that guests from Detroit and Europe will be flown in for the party." Now, you see they have been spending part of that take for these things.

A Delegate (name not given): And we are paying for part of it.

President Reuther: We are paying for all of it. What do you mean, a part of it?

But a large percentage of this disproportionate share of the gross national product they have been flowing in to the expansion of our basic industries.

Now, that wouldn't be bad if we had enough purchasing power to buy the things that they can produce. But it is bad when you expand productive power and purchasing power lags back here and you get this imbalance and you get unemployment.

Between 1947 and 1957 American industry put $385 billion in new factories, in automation, in all the new tools of technology and economic abundance. And as they plowed billions into expansion and imbalance got greater and greater between productive power and lagging purchasing power.

Let's look at the automotive industry, for example. General Motors, Ford and Chrysler—the three big companies—put $7.2 billion in expanded productive capacity.

Now, what happened? Well, in 1955 we had something approximating the full utilization of our productive capacity.

Basic Problem

But what happened? As the capacity went up the consumers went down. By 1956 we were only using 73% of our potential productive capacity. In '57 it was 68%; and at the present time we are only using 60% of the productive capacity of the automotive industry.

What is our problem? Does General Motors need more and more and more to build more factories so that we will have 70% idle capacity? Or do we need to put the emphasis over here on expanding purchasing power so that we get enough customers to eat up that unused capacity and our people can go back to work making those cars that people will buy if they have the purchasing power? That is the basic problem.

What is true in the automotive industry is equally true in the steel industry. The steel industry in operating at less than 60% of capacity, and the steel industry is

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*From an address by Mr. Reuther before the United Auto Workers special convention, Detroit, Jan. 22, 1958.

Speaking Out Plainly On Reuther's Latest Proposals

By ERNEST R. BREECH*
Chairman of the Board, Ford Motor Company

Ford automotive head analyzes and outspokenly answers Reuther's latest bargaining proposal and then declares "industry cannot submit to further excessive demands or sit back and passively watch the unbridled growth of union power." Turning to over-expansion fears, Mr. Breech opines there will be peak production years by 1965 amounting to as many as 10,000,000 cars and trucks. Regarding our ability to cope with missile race and economic problems, expresses confidence we can, if we want to, lead in the former and successfully meet the later. Warns, however, of the seriousness of wage inflation and the inroads made by employees in total gain of corporate payments

A year ago any periodical we read or any speech to which we listened painted a glowing picture of the projected long-term growth of this country, not only in the production of material goods and in increased standards of living for all, backed up by a population gain of more than 2½ million persons a year, but in the growth also of moral strength and of culture.

Ernest R. Breech

Despite the dark predictions of prophets of gloom almost every year since the end of World War II, the country's economy has grown. This can best be expressed by such things as the Gross National Product of the country, rising from $257 billion in 1948 to an estimated $435 billion in 1957; the growth in personal incomes from $209 billion in 1948 to an estimated $343 billion in 1957, the growth in employment from 59.4 million in 1948 to 65 million in 1957 and the growth in liquid savings of individuals from $214 billion in 1948 to approximately $305 billion in 1957.

During that same period, nearly 10½ million family residences have been added to take care of the nearly 25 million increase in the population.

Capital expenditures on plants, machinery and equipment in this country in the 10-year period 1948 through 1957 amounted to more than $270 billion. Let us take just the Ford Motor Company alone. Since the end of World War II, our company has built 22 manufacturing plants, 12 assembly plants, 21 parts depots, proving grounds in Arizona and Michigan, and 17 engineering, research and office buildings and other facilities. We have also enlarged or modernized some 30 other plants and facilities. All in all, we have thus far expended more than $2½ billion on this expansion and modernization program.

10,000,000 Cars & Trucks

For those who fear over-expansion, I would like to state that it is our firm opinion, based upon careful forecasts, that by 1965 there will be peak years of automobile production amounting to as much as 10,000,000 cars and trucks, as contrasted with the total production for 1957 of 7,202,000 vehicles and in 1947 of only 4,793,000 vehicles. I should point out, incidentally, that registered vehicles have increased over the past ten years from less than 38 million to more than 67 million.

On Oct. 4, 1957, we were faced with an event that tended to destroy some of our national confidence. The Russians successfully placed into orbit a 184-lb. Sputnik, which was indeed quite a shock even to our scientists, and followed this up on Nov. 3 by launching a 1,200-lb. "Mutnik." I shall not belabor you with the implications of these events other than to emphasize that, as a nation, we had to muster our forces, change our thinking, reappraise our situation, and decide what we were going to do about it. President Eisenhower has fully outlined the program of the Administration in this respect in his annual message to Congress on Jan. 9. Let us hope that every member of the Administration, every member of the Congress and every officer in our armed services will now remember that his first duty is to serve the national interest, and get together to do a necessary job.

There is much questioning as to why we find ourselves admittedly behind the Russians in missile development. I am sure that we were all tremendously disappointed — even humiliated — when the first Vanguard launching of a test satellite failed. But there is one thing that we should always remember: America lives in a gold-fish bowl. Because of our philosophy of government, we have very few secrets from potential enemies. Ours is a "government of the people, by the people and for the people." We believe in the principle of an informed public. It is impossible to have an informed national public, however, without all other nations being equally informed. Imagine, if you can, a group of newspaper reporters and columnists in Russia observing the many efforts of the Russians to launch a Sputnik and announcing to the world the many failures that their scientists probably had before they successfully launched Sputnik I. Had we made space satellites a military rather than a purely scientific project, I am sure we would have long since had our own satellite in orbit.

Let me say to you that I am confident that the United States of America will not for long lag behind the Russians in missiles or any other scientific development. I know that it is possible in a relatively short period of time, if the American people wish to spend the money, not only to launch a missile to the moon, but even to put space platforms into orbit around this earth. These could be equipped with such recoverable scientific instruments as to improve the basic knowledge of our scientists to an extent beyond our wildest imagination.

These satellites and the conquest-of-space era which they inaugurated have already caused a new look at our economic situation. It is obvious that the prospect for a tax reduction has been dimmed considerably, but by the same token, the increased government expenditures should provide a stimulus to an upturn of our economy, provided we, as a people, use a little horse sense. There is no economic problem at hand that cannot be met with a combination of smarter planning, harder work, real selling, a certain discipline of mind and the exercise of reasonable discretion in the demands on the economy.

I want to discuss one economic problem of exceptional urgency before us all.

Wage Inflation

That problem is wage inflation—a kind of inflation that threatens us not only with severe distortions of the economy — with increasing business failure and unemployment — but also with a direct assault on the very foundations of our whole economic system.

What has happened is a matter of simple record. In recent years, giant labor unions, with unprecedented monopoly power, have pushed through larger and larger wage and so-called fringe benefit packages to a point where increased wage costs far outstrip the increase in productivity. And, parenthetically, when those "fringes" amount to some 20% of the total wage package, they can hardly be regarded as mere trimmings or decorations — no surrey ever carried a fringe on top like that. The result has been a steady squeeze on corporate profits and constantly increasing prices for goods and services. A point has been reached, in fact, where virtually all of our economic gains are being swallowed by a very favored and relatively small segment of our population—the powerful industrial unions.

If anyone doubts that fact, he ought to take a good look at what has been happening to pay and profits in corporate business over the past few years.

In 1948, corporate profits after taxes were $17.3 billion; in 1956, they were $16.7—down $600 million. Over the same period, income taxes paid by corporations rose from $12½ billion to $22 billion, an increase of $9½ billion. Compensation to employees of corporations rose from $90 billion to $150 billion, an increase of $60 billion. In other words, of the nearly $70 billion increase in income available to stockholders, employees and the government, the employees received almost 90% of the total and the government got what was left.

At the same time that the employees were getting 90% of this total gain in corporate payments, corporations were spending, over the period, some $230 billion on plant and equipment. This was offset partially by $98 billion in depreciation allowances, but there was still a net increase of $132 billion in capital investment. Clearly, the stockholders and others who put this money at risk were entitled to a fair return on the added investment, because it was their money that was used for this investment. As a group, they got no return on it.

When we are confronted by the consistent effort of one economic group to force the economy to yield greater wage increases than are justified by our gains in productivity, somebody else has to pay the added costs. That somebody is you and you and you—the average consumer. Sooner or later, as wage costs pyramid, something has to give. Prices are pushed up until consumers rebel and stop buying, or profits dry up and business firms begin to go broke. In either case, those illusory wage gains can lead to real stagnation and unemployment.

Let me say that it has long been the policy of the Ford Motor Company to confine our labor negotiations to the privacy of the bargaining table where we can hope to work out equitable labor contracts on a basis of reasonable give and take. We have no intention of abandoning that policy.

However, for several years it has been the practice of the United Automobile Workers leadership, well in advance of negotiations, to launch an extensive publicity campaign aimed at winning the support of public opinion for its program. The public too often has had only one side of the story.

Now, as we prepare for the negotiation of a new labor contract this spring, we again meet with a series of sensational public demands by the head of the UAW, Mr. Walter Reuther, who once more seeks to sway public opinion in his favor.

We must consider the fact that each of his superficially attractive proposals is being advanced by a man who finds himself occupying an extraordinarily powerful position in American life — a union leader with monopolistic power who apparently feels he must always be out to get everything he possibly can. He apparently operates on the basis that what he thinks is good for the UAW is automatically good for everybody else. He professes to be representative of the public interest as a whole and to be equally zealous to safeguard the interests of all elements of society. In truth, a large part of his gains have been at the actual expense of other groups in the economy — employees of small businesses, farmers, teachers, preachers, civil servants, pensioners and others on relatively fixed incomes.

Analyzes and Answers Reuther's Proposal

His announced goal for 1958 is a two-part package. Part One, labeled "Basic Economic Demands," is a 21-page listing of recommendations for higher annual wage increases based on an inflated so-called "annual improvement factor," higher automatic cost-of-living increases, enlarged pensions, extra payments for short work weeks, a revision upward of the present supplemental unemployment benefit plan and other benefits. He understandably refrains from putting a price tag on these increases. But their magnitude, even in boom times, would be tremendous.

The second portion of what Mr. Reuther terms his "two-package approach" outlines a so-called share-the-profits plan under which he seeks the power not only to bargain for his union members but, also, to negotiate dividends for stockholders, compensation for management and prices for customers.

Now, as a propaganda device, the Reuther proposal is a natural, because it appears to offer almost everybody something for nothing. But as a working proposition, it is fanciful and full of fishhooks.

Take only one part of this remarkable proposal: a suggestion that one quarter of a company's annual profits, after certain other provisions are made, should be returned to the purchaser of its products, thus presumably giving the consumer a wonderful break. One fishhook here is that it would become immediately logical for everyone to buy the product——automobile if you will—of the manufacturer with the highest profit performance. The higher the profit per unit, the bigger would be the customer's bonus. How long do you imagine it would be before we would wind up with a one-company industry?

Another central and fatal flaw in this proposal is that it would invite increasing demands for union veto power over day-to-day management decisions. Budgets for advertising, research and engineering, new-model tooling; capital expansion plans; make-or-buy decisions — all would be viewed by the union as affecting profits. Naturally they do not propose a loss-sharing plan. The union would have no responsibility for or role in increasing profits. Yet, you can be sure, it would question all actions of management as tending to limit the

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*An address by Mr. Breech before the Nashville, Tenn., Chamber of Commerce, Jan. 23, 1958.

THE MARKET . . . AND YOU

By WALLACE STREETE

Successful launching of a satellite into orbit dissipated some of the heavy caution hanging over the stock market and the list was able to put a couple of good gains together this week to carry it to a recovery high not seen in three months.

A skeptical Wall Street continued to regard the rally as a technical one, while granting that there was still room for an extension of the advance a bit longer.

The Sick Statistics

No important development was around to stem the continued parade of sick statistics. Chrysler, which is an important company in building the successful Jupiter, was restrained since the elation over its success bumped into a car output that was down to half of the comparable month a year ago.

* * *

There was some speculation over just what the new rocket fuel was—which the military kept under wraps—and what company might be the favored one in its production. In the absence of any signposts, traders turned to the old-line chemical companies and they were prominent on above-average strength. It was also helpful that these quality items had been well depressed from heights reached a year or two ago.

Restrained Rail Rally

Rails generally were able to participate in the rally but here, too, excesses were few and far between and the demand centered on the quality lines with the more speculative Eastern roads restrained. Somewhat ignored in the rail demand was that it was the roads with large oil and gas income that had been able to hold profits up better than the prime carriers. In part this was due to a lack of interest in petroleum operations currently and the oils themselves were laggard more time than not as some sharp trims in earnings late in 1957 emerged from the annual reports.

Apathy toward the rails make them the high-yielding group of them all. Even Chesapeake & Ohio, where official company statements indicated that there was nothing on the horizon to threaten the dividend, the market price recently offered a yield of well past 7½%. The $4 rate has been covered twice by earnings in 1956 and estimates for last year and would appear safe even if there is a dip in 1958 results.

Even for an Eastern road not in particular favor, such as Baltimore & Ohio, the 4% preferred has been available at around 7½% mostly because only the erudite investors have shown any partiality toward other than equity issues. The return on this preferred is well above going money market rates. Earnings applicable to the preferred for the last decade have run around four times the $4 requirement. In 1956 the dividend was covered eight times and estimates indicate at least a seven-times coverage for last year. Of coincidental note is that the B. & O. preferred and C. & O. common have been available at around the same price.

* * *

In some cases the final quarter showed petroleum profits down as much as a third from the last three months of 1956 which dragged the full year's earnings under the levels of the previous year and hardly constituted bullish fodder.

* * *

Steel earnings were among the few heartening figures appearing in the welter. But these, too, showed sharp downturns in the late months of the year and hardly augured well for the first quarter of this year. The issues, however, were generally buoyant since they had been carried down to above-average times-earnings levels and yields in the steel section have been among the higher ones for so basic a section.

* * *

United Fruit, which had a vocal following awhile back when the market was in a better frame of mind, was little helped when one of the larger tangles in the firm's affairs was resolved. The anti-trust action was dropped by a consent decree which requires United to set up a competitor company to share the banana importing business. Presumably United's holders will eventually benefit from some sort of spin-off. Also still pending is an appeal of a court award to International Railways which serves to introduce another unknown factor not slated for early disposition.

Apart from its various problems, United Fruit has been making progress and only higher promotional costs kept the company from showing a modest increase in profit for the full year of 1957. Nevertheless, the company at recent levels has been hovering at a level that offered a return of between 8 and 8½% or nearly double the average yield for quality items which makes its something of a bargain when measured by this yardstick.

* * *

Consistent but far from spectacular demand continued to show in the utility section, where, from an earnings standpoint, American Gas stood out with record earnings for last year. As far as the future is concerned, the utility fully expects to post another new record this year and its $800 million expansion program, running to 1960, is rated as the largest single package plan ever adopted by a utility. More importantly, it indicates little in the way of pessimism over the future. The company projections estimate a 400% increase in power demand over the next score of years, to provide bright hopes for even the longer-term. The company, incidentally, is preparing to change its name to American Electric Power Co.

Aircrafts Interesting

Aircraft manufacturers weren't overly conspicuous despite their large participation in the missile programs but have been reasonably buoyant after having been the early rally leaders. Some are low-yield items, Boeing, for instance, showing an indicated cash return of only around 2½%. But Boeing, for one, has been expanding busily and financing its improvements internally so the cash payment has been held low and supplemented by small stock payments. Last year's was one of 4%. If the cash is maintained and the same stock payment made this year, taking the value of this into account lifts the total yield to above 6%.

* * *

An ignored development in an issue that meanders along quietly is the big upsurge in the oil and gas operations of United Carbon, one of the three largest carbon black producers in the country. Oil-based carbon in recent years has taken over the bulk of the field and United's proven gas and oil holdings alone are estimated at more than the recent peak price of the stock above $70. The stock reached that area briefly both last year and the year before but since has been dropped a score of points below it which makes no allowance for either the gas and oil holdings or the other substantial assets.

[The views expressed in this article do not necessarily at any time coincide with those of the "Chronicle." They are presented as those of the author only.]

E. W. Eddy Adds Three

(Special to THE FINANCIAL CHRONICLE)

HARTFORD, Conn.—Edward J. Beakey, George H. Fitts and Maybelle C. Shepard have joined E. W. Eddy & Co., 750 Main Street. All were formerly associated with the Hartford office of Eddy & Company, of which, Mr. Beakey was trading manager.

Business Man's Bookshelf

Books From Chapel Hill — Publications scheduled for Spring 1958 — University of North Carolina, Chapel Hill, N. C. (paper).

Business and Credit Outlook — Survey of Banker Opinion December 1957 — American Bankers Association, 12 East 36th St., New York, N. Y. (paper).

Canadian Resources, Part I—Selected statistics relating to natural resources and industrial and commercial development of Alberta, British Columbia, Manitoba and Saskatchewan — Western Resources Handbook, Stanford Research Institute, Menlo Park, Calif., $10.00.

Canada-United States Economic Relations—Irving Brecher and S. S. Reisman—Royal Commission on Canada's Economic Prospects, Ottawa, Canada (paper).

Columbia University Press Catalogue, Spring 1958 — Forthcoming publications—Columbia University Press, 2960 Broadway, New York 27, N. Y.

County And City Data Book, 1956 —A statistical Abstract Supplement—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (cloth), $4.50.

East Africa—Year Book & Guide —A. Gordon-Brown — H. W. Wilson Company, 950 University Avenue, New York 52, N. Y. (cloth), $3.00

Economic Almanac For 1958—National Industrial Conference Board, 460 Park Avenue, New York 22, N. Y.—Thomas Y. Crowell Company, New York, $5.00.

Economic Analysis of Labor Union Power—Edward H. Chamberlin —American Enterprise Association, Inc., 1012 Fourteenth St., N. W., Washington 5, D. C. (paper), $1.00 (quantity prices on request).

Economic Development In Finland — Review — Kansallis-Osake-Pankki, Helsinki, Finland (paper).

Federal Expenditure Policy for Economic Growth and Stability —Hearings before the Subcommittee on Fiscal Policy of the Joint Economic Committee of the Congress of the United States—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), $2.00.

Federal Expenditure Policies for Economic Growth and Stability —Report of the Subcommittee on Fiscal Policy to the Joint Economic Committee of the Congress of the United States—U. S. Government Printing Office, Washington, D. C. (paper).

Financial Intermediaries in the American Economy Since 1900 —Raymond W. Goldsmith—Princeton University Press, Princeton, N. J. (cloth), $8.50.

Foreign Central Banking: The Instruments of Monetary Policy—Peter G. Fousek — Federal Reserve Bank of New York, 55 Liberty St., New York, N. Y. (paper) on request.

High-Strength High-Temperature Materials for Standard Parts—Report of Symposium—National Standards Association, 616 Washington Loan & Trust Building, Washington 4, D. C., $7.50.

Holidays And Vacations Observed By Manufacturing Firms In BLS Employment Sample—U. S. Department of Labor, Bureau of Labor Statistics, 341 Ninth Avenue, New York 1, N. Y. (on request).

How Foreign Tax Havens Benefit Business & Individual — J. K. Lasser Tax Report— Business Reports Incorporated, 1440 Broadway, New York, N. Y., $2.00.

International Economics—Roy F. Harrold—Revised edition—University of Chicago Press, 5750 Ellis Avenue, Chicago 37, Illinois (cloth), $2.25.

Leading Homebuilding Areas In 1956—U. S. Department of Labor, Bureau of Labor Statistics, 341 Ninth Avenue, New York 1, N. Y. (on request).

Major Tendencies In Business Finance—National Association of Manufacturers, 2 East 48th St., New York 17, N. Y. (paper), on request.

Management In A Rapidly Changing Economy—Dan H. Fenn, Jr. —McGraw-Hill, 327 West 41st St., New York 36, N. Y., $5.00.

Motivation and Market Behavior —Robert Ferber and Hugh G. Wales—Richard D. Irwin, Inc., Homewood, Ill.—$6.50.

New Hampshire Revised Statutes Annotated 1955 with cumulative supplement 1957 of the Statutes Pertaining to Banks and Banking—Extracts — Lawyers Cooperative Publishing Co., Rochester, N. Y. (paper).

Policy For Commercial Agriculture—Hearings before the Subcommittee on Agricultural Policy of the Joint Economic Committee, Congress of the United States—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), $1.00.

Power Reactor Technology — a quarterly review — Dr. Walter H. Zinn & Associates—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. — 55c per issue; $2.00 a year domestic; $2.50 foreign.

Public Relations, Edward L. Bernays and the American Scene—Addenda to the Annotated Bibliography of the same title — Edward L. Bernays, 26 East 64th Street, New York 21, N. Y.—paper.

Real Estate In 1958—Roy Wenzlick — Society for Savings, 127 Public Square, Cleveland 14, Ohio—paper (on request).

Recommendations Of The American Taxpayers Association Inc. for 1958 Federal Tax Revision to Committee on Ways & Means of the United States Congress—American Taxpayers Association, Munsey Building, Washington 4, D. C. (paper).

Reinsurance Exclusively: Life, Accident and Health Group—North American Reassurance Company, 161 East 42nd Street, New York 17, N. Y. (paper).

Role of Education In International Business — National Foreign Trade Council, 111 Broadway, New York 6, N. Y. (paper).

Sales Taxation — John F. Due — University of Illinois Press, Urbana, Ill.—$5.75.

Southern Africa—Year Book & Guide—A. Gordon-Brown — H. W. Wilson Company, 950 University Avenue, New York 52, N. Y., $3.00.

Soviet Labor And The Question Of Productivity—U. S. Department of Labor, Bureau of Labor Statistics, 341 Ninth Avenue, New York 1, N. Y. (on request).

State Aid To Local Government—Revised brochure—Division of Municipal Affairs, Department of Audit & Control, State Office Building, Albany, N. Y.

Survey Of The Literature On Investment Companies 1864-1957 —Gilbert A. Cam—New York Public Library, Fifth Avenue &

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Dean Witter & Co. Admits Partners

Dean Witter & Co. has admitted to General Partnership William D. Witter of the firm's New York office, it has been announced. A graduate of Yale in 1951 and Stanford Graduate School of Business Administration in 1953, Mr. Witter has served in the




William P. Bradford | Edde K. Hays | Thomas W. Witter | William D. Witter

USAF Air Material Command from 1953 to 1955. Since discharge he has been with Dean Witter & Co. in the San Francisco and New York offices.

Concurrently announced was the admission to General Partnership of: Edde K. Hays, Chicago; Ben H. Eaton, Los Angeles; William P. Bradford, Oakland; Phillip M. Lighty, Palo Alto, and G. Willard Miller, Jr., and Thomas W. Witter of the firm's head office in San Francisco.

In addition, four Limited Partners were named today: Newton P. Frye, Jr., Chicago; Seeley G. Mudd, Los Angeles; James M. Pigott and J. Sanford Otis, also of the Chicago office.

Members New York Stock Exchange, Dean Witter & Co. maintain 38 offices from coast to coast and are brokers, dealers, distributors and underwriters of corporate and municipal securities.

Sees Bright Power Lawn Mower Outlook for Well Known Brands in 1958

Lawn-Boy Division head of Outboard Marine Corp. expects industry's 1958 power mower unit sales to rise 300,000 over last year to a total of 3,600,000 with dollar sales increasing proportionately.

Replacement buying and increased demand for quality over price is expected to boost 1958 sales of power lawn mowers by approximately 300,000 units over 1957, according to Robert C. Floersch, Manager, Lawn-Boy Division, Outboard Marine Corporation.

Robert C. Floersch

By all indications the rotary type power mower will account for ninety percent of these estimated sales.

Predicts Increased Sales

Although the hard goods industry in general does not show evidence of anticipating major sales increases in 1958, the power mower industry predicts total unit sales of approximately 3,600,000 for 1958.

Dollarwise, in 1957 the 3,300,000 power mowers retailed at more than $130,000,000. But in 1958, perhaps more so than in any previous year in the industry, the dollar gain will almost exclusively reflect the quality purchase.

The power mower market was somewhat complicated in the closing months of 1957 by low end price models, but the trend toward quality has persisted and will still be a dominant factor in the 1958 sales year.

Advertising results, surveys and dealer and customer reaction have substantiated our firm conviction that today, more than ever before, nobody goes into a store to put down their last dollar for a power lawn mower.

Quality is usually the common denominator of advantage to all concerned: the manufacturer, factory sales representative distributor, dealer and customer. Each is getting the most for his dollar and will gladly pay that extra dollar to step over into the quality department.

The power mower industry outlook for 1958 is bright for the well known brands; while unit sales are expected to be up markedly over 1957, with dollar sales increasing proportionately.

Off-Season Buying

An interesting development which was graphically underscored in 1957 that will bear close watching in 1958 is the trend toward off-season buying of power mowers—traditional summertime merchandise.

Reports show that some 30,000 power lawn mowers were purchased as Christmas gifts or were bought during the traditional Christmas sales season. Budget buying was very evident in this same period.

The popularizing of the sale of power lawn mowers in off-season periods by manufacturers, distributors and dealers has long been a key objective in the overall program to maintain a wholesome, balanced marketing year.

C. E. Torrey V.-P. Of A. G. Becker Co.

CHICAGO, Ill.—A. G. Becker & Co. Incorporated, 120 South La Salle Street, members of the New York and Midwest Stock Exchanges, has announced the election of Clarence E. Torrey, Jr., former Milwaukean, as a Vice-President. Mr. Torrey, who has been an investment analyst with the Becker firm, giving particular attention to the oil, natural gas and steel industries, is taking on additional responsibilities within the organization.

Webster, Gibson Admits Hale to Firm

NASHVILLE, Tenn. — Webster & Gibson, 400 Union Street, announce that R. Walter Hale, Jr. has been admitted to partnership and the firm name has been changed to Webster, Gibson & Hale. Other partners are Robert C. Webster and Jo Gibson, Jr.

Public Utility Securities

By OWEN ELY

Oklahoma Gas & Electric Company

Oklahoma Gas & Electric, with annual revenues of about $50 million, serves electricity (no gas) to a population of 1,100,000 in Oklahoma and western Arkansas. The Greater Oklahoma City area accounts for about 40% of this population; other cities include Enid, Shawnee and Muskogee in Oklahoma, and Port Smith and Van Buren in Arkansas (about 9% of revenues being derived in Arkansas.)

Oklahoma ranks fourth in production of crude oil and third in natural gas. It is sixth in production of minerals as a whole which also include: coal, glass sand, lead, gypsum, zinc, limestone, dolomite, etc. Coal reserves are adequate to supply the entire United States for more than 100 years. Nearly all the major oil and gas fields are in or adjacent to the company's territory; and many general and branch offices representing various segments of the industry are located in Oklahoma City. Estimated oil reserves in the state are now in excess of two billion barrels, or nearly double the amount in 1945. The state ranks second in number of wells completed in 1956 and probably in 1957.

Oklahoma has shown rapid increase in per capita income—131% in five years 1950-55, the largest increase for any southern state. One reason for Oklahoma's industrial expansion in recent years is its absence of major labor troubles. During 1955 the total man-days lost through labor disputes for the entire United States was .72 per worker, while for the state of Oklahoma this loss was only .33. (OG&E is not a party to any contract with labor unions representing employees of the company.) The economy of the state is now better balanced, farming as a source of income having dropped from 18% of the total in 1940 to 7% in 1955, while manufacturing has increased. Population is now 53% urban vs. 38% in 1940, and as a result Oklahoma City has gained 69% since 1940.

In the first half of 1957 over $166 million was spent or committed in Oklahoma City for industrial and other plant development. An example of the industrial growth in the area is the new Western Electric plant now under construction which will employ some 3,500 to 4,000 persons; it is estimated that this will mean an increase of about 35,000 population because of other commercial and domestic activities which will result.

Oklahoma Gas & Electric doubled in size in the seven years 1949-56—a growth rate faster than for the electric utility industry as a whole. It is expected by the management that this rate of growth will continue or possibly increase over the next few years. Revenues have increased 179% in the past 12 years and electric plant account 275%. Net income during this period gained 309% and the balance earned for common stock 519%. Generating capability increased nearly 300%.

Residential and rural sales provide about 43% of revenues, commercial 30% and industrial 17%—an unusually low proportion. While the oil industry accounts for about half of industrial revenues, it is divided among pumping, refining and pipe-line operations. The remainder of the industrial load is distributed among food and food processing, grain and milling operations, building materials, creameries and packing plants, ice and ice cream manufacturing, machine shops glass plants and large and small manufacturing operations. The largest customer, Tinker Air Force Base, accounts for less than 1½% of total revenues. This is the largest air base facility of this type in the world, employing 20,300 civilians, 4,250 military personnel.

The company has spent about $200 million on electric plant since World War II so that over three-quarters of present dollar investment in the property has been made in the last decade. Plant costs have been kept remarkably low—the 177,000 kw plant completed at Muskogee a little over a year ago costs only about $95 per kw. The company expects to spend about $135 million on plant in the next five years.

The company has been successful in holding down fuel costs, cost per kwh in 1957 being slightly less than in 1946. This is partly due to larger and more efficient generating equipment. Favorable long-term fuel contracts have prevented the cost of fuel gas from getting out of hand, thus far at least. The average number of Btu required to generate one kwh has been reduced from 16,753 in 1948 to 11,300 in 1957 and is expected to drop to 10,256 by 1961.

Capital ratios at the end of 1957 were approximately 50% debt, 15% preferred stock and 35% common stock equity. The present policy of the company is to maintain the common stock equity at between 30 and 35% of total capitalization. Cash dividends on common stock have been paid each year since 1909, and during the period since 1947 when the stock has been held by the public, the dividend on the common stock has increased in each year except one.

The share earnings record while irregular during 1946-1953 has been good in recent years. Net for common stock has increased steadily from $1.90 in 1953 to $2.55 in 1957 and President Kennedy has estimated that $2.80 can be earned in 1958. Earnings will soon be relieved of amortization write-offs since plant acquisition adjustments will be completely amortized by August, while other intangibles were written off last year.

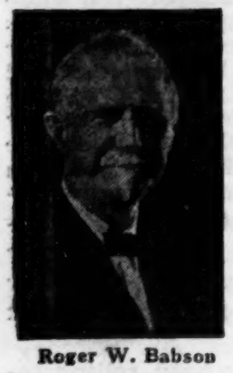
The stock has been selling recently around 43½ and the $1.90 dividend affording a return of 4.4%. The price-earnings ratio based on last year's earnings is 17.1, and based on estimated 1958 earnings would be 15.6.

Railroad Securi'ies' Future

By ROGER W. BABSON

Robert Young's death prompts Mr. Babson to appraise the railroad industry's prospects. Advises holders of rail securities to sell now and reinvest in some new and growing industry, or reinvest in rail bonds later when price drops drastically. Sees little hope for most rail stocks, and bewails duplicative rail tracks laid to sell securities and not carry passengers and freight. Enumerates factors causing rail plight, including bond issues making reorganization difficult.

The recent suicide of Mr. Robert Young, Chairman of the New York Central Railroad, brings to my attention the problems of the whole railroad industry. As a matter of fact, President Alpert, of the New Haven Railroad recently asked the Public Service Commission of Massachusetts to close over 50 railroad stations and discontinue a large number of trains, including crack trains, between Boston and New York.



Roger W. Babson

Reasons for Railroad Curtailment

One of the main reasons given for the railroads' troubles is that commuter passenger business does not pay, and is provided only at a large loss to the railroads. This is the business of bringing great numbers of people into a big city every morning, and out again at night, all within short periods of time. In order to provide such service, many stations and much new equipment must be kept in prime condition all day for this very short use.

Your local stockbroker will tell you whether this situation applies to the railroad whose stocks you now hold. With the Union Pacific and Santa Fe, the proportion of commuter business is very small in relation to the total passenger business. On the other hand, with the Pennsylvania or New York Central, the proportion of commuter business is very large. Every railroad must be judged independently. We should not generalize about them.

Real Estate Taxes

Another reason for President Alpert's appeal for aid is the taxation levied on railroad real estate. Such taxes enable the cities to raise funds to build turnpikes, airplane terminals, etc., which help the competitors of the railroads. The railroads beg relief from these taxes; otherwise, they threaten to liquidate. Liquidation would, in most cases, give bondholders full payment for their securities but would leave very little for the stockholders. Here again, it will be found that entirely different situations exist with different railroads.

For instance, the New York Central owns much valuable real estate in the vicinity of the Grand Central Station, New York City. Certain short-line railroads are almost real estate companies rather than railroad companies. The Southern Pacific and Great Northern have valuable oil and ore leases which secure their bonds. Here again, your broker will tell you what railroads have valuable real estate and what railroads have not. You cannot generalize.

Competition From Trucks, Buses, Airplanes, Automobiles, and Pipelines

Such competition is the basic cause of the railroads' difficulties today. The various restrictions put upon rates and practices by the Interstate Commerce Commission were instituted when the railroads had a real monopoly. Today, the railroads have no such monopoly. These rates and other restrictions should be eliminated. In fact, I believe that the business of the country, and of the railroads, together with their employees and passengers, would be better off if the Interstate Commerce Commission were entirely eliminated.

The competition is not only in rates but also in conveniences. For instance, trucks take the goods from the factory door and deliver them to the consumer. Otherwise, trucks would operate from the factory to the railroad and then again from the railroad to the consumer. There are 50 million automobiles competing with the railroads! The higher the railroads raise their rates, the fewer passengers and the less freight they carry. Pipelines for oil and gas are here to stay; but the carrying of coal and oil by railroads will decrease.

Labor Union Strangulation

One of the greatest handicaps of the railroads is the arbitrary and useless rules of the labor unions. These rules were made years ago before the use of diesel engines, automatic signaling, and the various electrical appliances which now provide safety. The worst of all is the so-called "featherbedding" whereby the railroads must pay for time which is not used in any productive manner while they are largely forbidden to introduce labor-saving equipment.

During the past few months, I have interviewed several railroad Presidents. When I asked them the main reason for the difficulties of the railroads, they replied—"because of the foolish, useless, and expensive rules of the labor unions." Unfortunately, it takes much courage for Congressmen or Senators to try to curb union labor.

What About the Future Outlook?

A large amount of railroad track should never have been laid. Certain railroads were built, not to carry passengers and freight, but rather to sell stocks and bonds. Such railroad trackage should now be discarded and thousands of railroad stations should be closed. I feel that conditions may go from bad to worse until our whole railroad system collapses and has to be reorganized. Such reorganization could eliminate the useless duplication.

On the other hand, so many railroad bond issues are secured by so many different kinds of assets that each railroad would have to be reorganized independently. This would be sure to take a long time; but most first-mortgage and certain other railroad bonds should come out in the end worth par and interest. Therefore, my conclusion to holders of railroad securities is this: It may be better for you to sell your railroad securities now and reinvest the money in some new and growing industry. Otherwise, reinvest in these railroad **bonds** later, when they will sell for half their present price. I now see little hope for most railroad **stocks.**

Smith, Barney & Co. Opens S. F. Office

SAN FRANCISCO, Cal.—Smith, Barney & Co. has opened a branch office in the Russ Building, staffed and equipped to provide complete services to both individual and institutional investors. It brings to 11 the number of the firm's branch offices.

Theodore L. Haff, Jr.

Theodore L. Haff, Jr., has been named resident Manager of the office. He will be assisted by John A. La Grua, Jr. and Richard B. Markus, registered representatives. Mr. Haff, a graduate of Williams College, heretofore has been in the institutional department of Smith, Barney & Co. at its main office, 20 Broad Street, New York City. Mr. La Grua, an alumnus of Princeton University, has specialized at the New York office on Pacific Coast accounts. Mr. Markus, also a Princeton graduate, has been with the firm's Philadelphia office.

Smith, Barney & Co., founded in 1873, is a leading national underwriter of industrial, public utility and municipal security issues and a member of the New York and Pacific Coast Stock Exchanges and other leading exchanges.

The firm's other branches, in addition to those in San Francisco and Philadelphia, are in Chicago, Boston, Albany, N. Y., Allentown, Pa., Cleveland, Hartford, Conn., Milwaukee, Minneapolis, and mid-town New York City.

White, Weld & Co. Admits Two Partners

Paul Hallingby, Jr. and James Jackson, Jr. have been admitted to general partnership in White, Weld & Co., 20 Broad Street, New York City, members of the New York Stock Exchange and other principal stock and commodity exchanges, it has been announced.

Paul Hallingby, Jr.

Mr. Hallingby, formerly a Vice-President of Middle South Utilities, Inc., was active in the investment banking field from 1946-52. A graduate of Stanford University with a mechanical engineering degree in 1941, Mr. Hallingby also attended the graduate School of Business Administration, Harvard University in 1941-42. He served as Lieutenant Commander in Naval Aviation during World War II and is presently a Commander in the U. S. Naval Reserve. Active in many civic and business groups, he is currently serving as Chairman of the Financing and Investor Relations Committee of Edison Electric Institute.

S. D. Fuller Director

Stephen D. Fuller has been elected a director of Dilbert's Quality Supermarkets Inc. Mr. Fuller is senior partner in S. D. Fuller & Co., New York City investment firm.

With Courts & Co.

CHARLOTTE, N. C.—Jesse E. Younce is now with Courts & Co., Liberty Life Building.

New York Security Dealers Elect 1958 Officers

Eugene G. Statter, of Mabon & Co., has been elected President of the New York Security Dealers Association; Elbridge H. Smith, of Stryker & Brown; Hanns E. Kuehner, of Gregory & Sons, were elected Vice-Presidents of the Association; Herbert Singer, of Singer, Bean & Mackie, Inc., was elected Secretary, and Samuel Weinberg, was elected Treasurer.

Eugene G. Statter

Elbridge H. Smith

Hanns E. Kuehner

Herbert Singer

Samuel Weinberg

The Board of Governors of the Association elected at the Annual Meeting will consist of: Philip L. Carret, of Chace, Whiteside & Winslow, Inc.; Frank Dunne, of Dunne & Co.; Maurice Hart, of New York Hanseatic Corporation; Herbert D. Knox, of H. D. Knox & Co., Inc.; Hanns E. Kuehner, of Gregory & Sons; David Morris, of David Morris & Co.; George A. Searight, of Searight, Anhalt & O'Connor Inc.; Herbert Singer, of Singer, Bean & Mackie Inc.; Elbridge H. Smith, of Stryker & Brown; Eugene G. Statter, of Mabon & Co.; Oliver J. Troster, of Troster, Singer & Co., and Samuel Weinberg, of S. Weinberg & Co.

The following members were unanimously nominated to act as the Nominating Committee for the year 1958: Paul A. Gammons, of Bradley, Gammons & Co., Inc.; Robert I. Herzog, of Herzog & Co.; Joseph Mayr, of Joseph Mayr & Company, and George A. Rogers, of George A. Rogers & Co., Inc.

Tennessee Gas Transmission Stock Offered

A nationwide underwriting group managed jointly by Stone & Webster Securities Corp. and White, Weld & Co. on Feb. 4 offered for public sale 1,000,000 shares of common stock (par $5) of Tennessee Gas Transmission Co. at $30.75 per share.

Proceeds from the sale will be applied toward the payment of short-term notes issued under a revolving credit arranged to finance expansion of properties.

Holders of the new shares will be entitled to participate in the common stock distribution of one additional share of common for each five shares held, as authorized by directors of the company on Dec. 16, 1957 and expected to be made in March. Since the last quarter of 1947 the company has paid regular quarterly dividends on the common stock at the annual rate of $1.40 per share.

The company's capitalization as of Nov. 30, 1957, giving effect to the sale of the new common stock and retirement of the short-term notes, consisted of: $628,084,000 of long-term debt; $20,712,000 of short-term notes; 1,588,598 shares of $100 par value preferred stock, of which 631,598 are convertible into common stock; and 15,693,621 shares of common stock.

The company owns and operates a 9,968-mile natural gas pipe line system extending from gas producing areas of Texas and Louisiana to Middle Atlantic and New England states. The system has a designed delivery capacity of 1,980,000 MCF of gas per day and approximately 2,385,000 MCF on peak days by withdrawal of gas from underground storage. The company sells or delivers natural gas to distributing companies for resale under long-term contracts principally in Ohio, the Middle Atlantic and New England states. Principal customers are the companies comprising The Columbia Gas System, Inc. and Consolidated Natural Gas Company which, in 1957, accounted for approximately 50% of the company's deliveries.

The company proposes to construct facilities to increase daily delivery capacity of its system to 2,260,000 MCF in order to meet delivery requirements of present customers during 1958 and 1959. A subsidiary, Midwestern Gas Transmission Co., has an application pending before the Federal Power Commission for authority to construct and operate a natural gas pipe line system from the International Boundary between Minnesota and Manitoba to a connection with Tennessee's present system near Portland, Tenn. The proposed line of more than 2,067 miles, with related facilities, is expected to cost approximately $111,000,000.

Tennessee Gas Transmission reported consolidated operating revenues of $308,042,000 and net income of $36,789,000, equal after preferred dividends, to $2.00 per share of common stock for the 12 months ended Nov. 30, 1957. This compared with $266,427,000 and $34,079,000 or $1.89 per share for the 1956 calendar year.

Joins Crosby Corp.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Timothy G. Holden has become affiliated with The Crosby Corporation, 53 State Street. He was previously with Coffin & Burr, Incorporated and Vance, Sanders & Co.

NSTA Notes

SECURITY TRADERS ASSOCIATION OF NEW YORK

The Security Traders Association of New York will hold its 22nd annual reception and dinner in the grand ballroom of the Waldorf-Astoria, Friday evening, April 25.

Frank J. Orlando, Goodbody & Co., is Chairman of the Arrangements Committee, assisted by Raymond C. Forbes, Shearson, Hammill & Co., as Vice-Chairman in charge of dinner reservations, and Vincent Gowan, Goldman, Sachs & Co., as Vice-Chairman in charge of hotel reservations.

STANY will be offering a special bond issue in connection with the dinner — information may be obtained from Bernard Weissman, Gold, Weissman Co.

BOND CLUB OF DENVER

The Bond Club of Denver announces the election of the following officers for 1958:

President: Robert M. Kirchner, Kirchner, Ormsbee & Wiesner, Inc.

Vice-President: Leon A. Lascor, The J. K. Mullen Investment Co.

Secretary: Richard H. Burkhardt, Boettcher and Company.

Treasurer: Gerald P. Peters, Jr., Peters, Writer & Christensen, Inc.

—Directors—

Orville C. Neely, *Merrill Lynch, Pierce, Fenner & Beane*

Bernard F. Kennedy, *Bosworth, Sullivan & Co.*

Richard M. Greene, *J. A. Hogle & Co.*

Neil L. King, *First National Bank.*

Robert M. Kirchner

BOND CLUB OF SYRACUSE

Leo V. Smith

A. C. Bickelhaup

Francis Q. Coulter

The Bond Club of Syracuse, N. Y., has elected the following officers for 1958:

President: Leo V. Smith, Leo V. Smith & Co.

Vice-President: Luke S. Hayden, Syracuse Savings Bank.

Secretary: A. C. Bickelhaup, Hemphill, Noyes & Co.

Treasurer: Francis Q. Coulter, Marine Midland Trust Co.

Directors for 2 years—Harry C. Copeland, *Reynolds & Co.*; Russell C. Carlson, *Onondaga County Savings Bank.*

Directors for 1 year—Marshall W. Day, *George D. B. Bonbright & Co.*; Donald A. Gray, *Wm. N. Pope & Co.*; G. N. LeVeillie, *Hugh Johnson & Co.*

GEORGIA SECURITY DEALERS ASSOCIATION

The Georgia Security Dealers Association elected the following officers for 1958 at the annual meeting of the Association held in Atlanta.

President: Edward R. Adams of Clement A. Evans & Company, Atlanta, Georgia.

Vice-President: John E. McClelland of J. H. Hilsman & Co., Atlanta, Georgia.

Secretary and Treasurer: Townshend Budd of R. S. Dickson & Co., Inc., Atlanta, Georgia.

John E. McClelland

Edward R. Adams

Also elected at the annual meeting was an Executive Committee, composed of the following:

Frank A. Chisholm, Varnedoe, Chisholm & Co., Inc., Savannah, Georgia; Cabell Hopkins, First Southeastern Company., Columbus, Georgia; Paul W. McGaughy, Equitable Securities Corp., Atlanta, Georgia; T. J. Pendergrast, Courts & Co., Atlanta, Georgia.

C. T. Ross Co. Opens

Charles T. Ross & Co., Inc., has been formed with offices at 295 Madison Avenue, New York City, to engage in a securities business. Officers are Charles T. Ross, President; Edward Hayton, Secretary and Treasurer. Both were formerly with North American Planning Corporation.

With Harbison Henderson

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — David B. Earhart and Robert L. Henderson are now associated with Harbison & Henderson, 210 West Seventh Street, members of the Pacific Coast Stock Exchange. Mr. Earhart was formerly with Dempsey-Tegeler & Co. and First California Company.

Comparing American to British System of Controlling Bank Credit

By PAUL EINZIG

One of the world's leading monetary and banking economists suggests his country, Great Britain, adopt the American system of altering bank reserve requirements to replace use of "unduly high Bank Rate . . . [and] imposition of a credit ceiling." Realizing that the chances for this are negligible, Dr. Einzig concludes a lowering of the high British Rate be tied to reasonable certainty of wage spiral's cessation.

LONDON, Eng.—An early lowering of the Bank Rate is widely expected. It has now been at 7% for more than four months, which is well in excess of anticipations. When it was decided to raise the Bank Rate to such an abnormal level everybody assumed that its early reduction would become possible. There was a widespread belief that such a high Bank Rate would surely break the inflationary spiral.

Paul Einzig

On past occasions when the Bank Rate was raised to comparable levels it usually produced a dramatic effect that enabled the authorities to reduce the Bank Rate before very long. On the present occasion the effect of the high Bank Rate was far from dramatic. Even speculators in sterling hesitated for months before deciding to cover their short position. Indeed, the reversal of the trend of gold movements can be accounted for to a large degree by the improvement of the balance of payments which is not attributable to the high Bank Rate. It is true, the disinflationary measures, amongst which the 7% Bank Rate is of outstanding importance, inspired confidence abroad and may account for a large part of the rise in sterling. But that rise could not be described as having been dramatic.

In September it did not appear to be unreasonable to hope that the seasonal improvement in sterling after the turn of the year would make it possible for the authorities to begin the gradual reduction of the Bank Rate. It seems, however, that the buying pressure on sterling has not been on a sufficiently substantial scale to enable the authorities to replenish their gold reserve to a sufficient extent to be able to face the Autumn pressure with equanimity.

High Bank Rate's Effect

As far as the domestic effects of the high Bank Rate are concerned, they have been anything but spectacular. It is true, a number of debtors repaid their debts rather than pay prohibitive interest rates. But the extent to which such repayments lead to a decline in the volume of credit is negligible. The repayments merely enabled the Banks to satisfy part of the demand for credit by firms able and willing to pay the high rates. Had it not been for the official limitation in the volume of credit imposed on the banks, there would have been a further expansion of credit since September in spite of the high Bank Rate. On the other hand, but for the increase of the Bank Rate, pressure on banks by would-be borrowers would have been even stronger than it has actually been. All that the high Bank Rate has done is to mitigate that pressure.

Even so, banks have to refuse many applications, especially by small firms. The extent to which this is done is not so large as to give rise to unemployment, so that scarcity of labor is almost as acute as it was before the increase of the Bank Rate.

There is growing dissatisfaction, both among business firms whose credit requirements are not fully satisfied, and among bankers who have to disappoint many valued customers. The banks find the position all the more difficult as the credit squeeze is purely voluntary. Although the government has the legal powers to instruct the banks to abstain from increasing the volume of credit beyond its level of 1957, so far the Chancellor of the Exchequer has not made use of that power. He has merely "requested" the banks to comply with the official policy of credit ceiling. The fact that the position of the credit ceiling is voluntary makes it all the more difficult for bank managers to deal with indignant customers.

The government is blamed for not doing its own share towards the credit squeeze through a curtailment of expenditure enabling the Treasury to reduce the volume of Treasury Bills. Although the current Budget has a surplus, there is an overall deficit allowing for capital expenditure items. Advances to nationalized industries by the Treasury figure prominently among the causes of the high volume of Treasury Bills Owing to the high volume the liquidity ratio of the banks is high enough to enable them to expand credit, which makes it all the more difficult for them to say "no" to their customers.

Advocates Fractional Reserves

A solution of this problem would be the adoption of the American system under which the authorities have the power to alter the reserve requirements of the banks. Under that system it would be possible to limit the capacity of the banks to expand credit without having to resort to unduly high Bank Rate or to the imposition of a credit ceiling. An increase of reserve requirements would compel the banks to refuse applications of credit in order to keep their reserve ratios under the officially fixed limit. They would be in a position to put the blame for their refusals of applications fairly and squarely on the government's shoulders. As it is, dissatisfied customers reproach them for having voluntarily undertaken to abstain from granting more credit.

Unfortunately the chances of the adoption of the American system are negligible. It will be done no doubt under the next Socialist Government but it would run against the Liberal dogmatism of the Conservative Government. Yet in adopting the American system the Treasury could save very substantial amounts of interest on public debt through a stroke of the pen.

As there was no marked decline in business activity, and since the uncertainty of the position regarding wage demands continued, the authorities were unwilling during January to lower the Bank Rate. They refused to allow themselves to be influenced by alarmist views about the prospects of a world-wide economic recession.

Possibly any clear indications of a willingness of trade unionists to submit to the official policy of wage restraint would induce the authorities to lower the Bank Rate. But so long as there are no clear indications in this respect the prospects of further wage increases discourage them from doing so. Perhaps a timid beginning of the reduction may be made in the not too distant future. Before the process is carried very far, however, the government will have to be reasonably certain that the wage spiral has come to a halt.

Chace, Whiteside Opens N. Y. Office

BOSTON, Mass.—The investment banking firm of Chace, Whiteside & Winslow has opened a New York City office at 67 Wall Street. At the same time the firm announced that it had been admitted to membership in the New York Stock Exchange.

Philip L. Carret

Philip L. Carret has been elected executive Vice-President of the company and will head the New York operation. He has been in the investment business for over 30 years, most recently with Granbery, Marache & Co.

Chace, Whiteside & Winslow, now in its 22nd year, has offices in Boston and Worcester, Mass., and in Nashua, N. H.

Eastman Dillion, Union Securities Group Sells Texas Utilities Stock

Eastman Dillon, Union Securities & Co. and associates offered publicly yesterday (Feb. 5) an issue of 340,000 shares of Texas Utilities Co. common stock (no par value) at $48.87½ per share. The group was awarded the stock at competitive sale on Feb. 4, on a bid of $47.92½ per share.

The company proposes to use the net proceeds from the sale, together with available treasury cash approximating $6,500,000, to make a contribution of about $2,500,000 to the company's equity in Texas Power & Light Co., a subsidiary, and to make further investments in the common stocks of other subsidiary operating companies or to supply short-term capital in connection with their construction programs.

Texas Utilities is a holding company which owns approximately 98½% of the common stock of Dallas Power & Light Co. and all of the common stocks of Texas Electric Service Co. and Texas Power & Light Co. In addition, the company has three minor subsidiaries, Industrial Generating Co. and Technical Services Inc., both wholly-owned, and Paris and Mt. Pleasant Railroad Co., a non-consolidated subsidiary which is wholly-owned by Texas Power & Light Co.

Operating revenues of the company and consolidated subsidiaries for the 12 months ended Nov. 30, 1957 amounted to $154,472,000 and net income to $31,019,000, equal to $2.54 per common share. This compared with operating revenues of $145,570,000 and net income of $28,700,000, or $2.35 per share, for the calendar year 1956.

Common stock dividends over the past five years have been increased annually, rising from 99 cents per share in 1953 to $1.48 in 1957. The latter includes a quarterly dividend of 40 cents per share, declared Nov. 15, 1957 and paid Jan. 2, 1958 to stockholders of record Dec. 2.

From Washington Ahead of the News

By CARLISLE BARGERON

One of the funniest stores in Washington today, if it were not so serious as involving public men's characters is that of the investigation of the Moulder Committee. It is a sub-committee of the House Interstate and Foreign Commerce Committee designed to investigate whether the multiple regulatory agencies which have been created over the years are really serving the purpose of their creation or taking orders from the White House.


Carlisle Bargeron

It is a very interesting subject and my off-hand answer would be that "yes," these agencies have frequently had White House interference. In the nature of things they would have. You take a fellow who has been denied a license for a television station, or an airline route. It is the most natural thing in the world for him to appeal to the White House. The White House just as naturally sends these protests to the agency concerned. As to whether the White House has at times done just a little more than just send these protests to the particular agency is another thing. Undoubtedly there have been such times when it did, the present White House as well as the White House in the past.

There is no secret in Washington that Speaker Rayburn of the House, brought about the Moulder committee with a view to finding out what influence Sherman Adams has been exerting.

The Democrats, and many Republicans, would like to get his scalp.

Well sir, the sub-committee was created with $250,000 to do its work. But unfortunately for the sub-committee it hired a New York lawyer-professor named Schwartz. Mr. Schwartz, with this amount of money never before in his command, named his staff and announced that a previous man, Newbold Morris, had been brought to Washington to clean it up and had been run out of town. It is a fact that Mr. Morris had had this experience, not because anybody was afraid of his clean-up potentialities but because it was his avowed purpose to raise hell without accomplishing anything. It became quite clear that Mr. Schwartz intended to do the same thing and that the thought he was forceful enough not to suffer Mr. Morris' fate.

By this time the sub-committee realized that it had a bull by the horns. Mr. Schwartz first made an address before the Federal Bar Association asking all lawyers to come and give him any dirt they had on any of the members of the regulatory commissions. He would gaurantee them secrecy, he said. He then sent his staff of investigators out over town to get as much dirt as they could, not to learn whether they were carrying out the acts of Congress or being dominated by the White House, as Speaker Rayburn sought.

Mr. Schwartz's investigators in due turn brought in reports that this and that member of a regulatory commission had had luncheon with a member of the industry he was supposed to regulate, had even had drinks with them. In the case of the Federal Communications Commission members had accepted fees for going out and making speeches. It so happens that the FCC law expressly permits them to accept honorariums for speeches.

The investigators came back with their dirt to the sub-committee and it says these things are petty, it is not what we want of you, Mr. Chief Counsel. Whereupon there occurs a leak in the committee. The story is planted with a syndicated columnist that the sub-committee is trying to suppress scandal. It so happens that the sub-committee is Democratic dominated and the members of the regulatory commissions, the majority of them, are Republicans.

But stuff continues to be leaked out about the alleged malfeasance of members of the regulatory bodies and how the sub-committee is trying to hush it up. The sub-committee has been trying to find out where the leak comes from. It would like to fire Schwartz and his chief investigator. It would also like to get rid of one of its committee members. The majority of the members of this Democratic controlled committee, including the chairman of the full committee, Oren D. Harris of Arkansas, think it is an outrage that the petty charges against members of the Federal Communications Commission, for example, which a bunch of dirt-looking investigators dug up and in which the sub-committee had said it was not interested, should be publicized through treacherous leaks.

But these leaks have finally brought about a pressure for an airing of these charges and the airing which has been going on since Monday are one of Washington's disgraceful political procedures.

Happy Birthday to You

Happy Birthday, Feb. 6th, to Julius Golden, Greene and Company, 37 Wall Street, New York City. "Julie" is that rare bird a native New Yorker, having been born in Manhattan. He has been associated with Greene and Company for twenty-two years, the last fourteen as a partner.


Julius Golden

His favorite sports are baseball and STANY, in the affairs of which he is most active.

He and his wife Sylvia are the proud parents of son, Ira, age 9½, and a daughter Ann Carol, 5½.

With Columbia Secs.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Robert H. Ewing is now with Columbia Securities Co., Inc., First National Bank Building.

With Hayden, Stone

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Alexander Pratt is with Hayden, Stone & Co., 10 Post Office Square.

Kidder, Peabody Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Francis R. Bowen has been added to the staff of Kidder, Peabody & Co., 75 Federal Street.

1958 Capital Goods Spending Expected to Exceed 1955 Rate

Anticipated capital spending surveys should now serve to temper a tendency toward deep pessimism according to Conference Board's senior economist who finds, for example, that no further increase in cancellations of approved appropriations in third quarter suggests prospective capital goods spending decline should be orderly. Expects 1958 capital . . . spending should still exceed the 1955 rate.

In a statement by Morris Cohen, Senior Economist of National Industrial Conference Board at the "expectations" seminar sponsored by Foundation for Research on Human Behavior of Ann Arbor, Michigan, held in New York City, Jan. 27, the Economist declared:

"The quarterly survey of capital appropriations flashed caution signals early with its report for the second quarter of 1957. This survey again pointed downward with the report of the third quarter for last year.

"In the middle six months of 1957, the cutbacks in the rate of appropriations approved for new capital goods spending suggested a decline in capital outlays lasting more than just one or two quarters. However, while backlogs of approved capital appropriations were reduced over the same period they were still only 11% lower than a year ago and 31% higher than two years ago. Thus manufactures capital goods spending in 1958 should still exceed the 1955 rate.

Temper Pessimism

"The trend foreshadowed by the **appropriations** survey has been confirmed by the survey of expected or planned **spending**. The evidence of the anticipated approach—whether through appropriations or planned spending—does not point to a precipitous decline in capital goods outlays in the months immediately ahead. Having called the turn in a basic business development the anticipative surveys should now serve to temper a tendency toward deep pessimism. For example, the fact that cancellations of approved appropriations did not rise further in the third quarter suggests that the prospective decline in capital goods spending should be orderly.

"Finally, the net impact on capital goods spending of the more recently proposed increase in Federal defense outlays has yet to be appraised.

Note: "The quarterly survey of capital appropriations is the latest addition to the growing kit of foreshadowing statistics. This survey is conducted among the 1,000 largest manufacturing companies. The figures cited are based uopn returns from 499 companies representing 72% of the assets of the top 1,000 manufacturers. It is believed that the trends disclosed by these reporting companies are indicative of trends for all manufacturing companies."

Continued from page 11

The Campaign Against Profits Could Be Most Disastrous

no way to promote security for our employees, our customers, or for the nation! We'd better leave that part of our profit right where it is.

Next we come to the payment of our instalments on the money we have borrowed, and I assume that even the profit-minimizers would not expect us to welsh on our debts — especially since our employees are major beneficiaries when we, again and again, return to the same well for more credit.

This brings us then to the 4 cents that went to our shareowners in the form of dividends. Here, surely, is a really promising prospect. But is it?

Well these owners provided all the furnaces, mills and machines that we have; and studies show that in the manufacturing process as a whole, machines do about 99% of the physical work. Without these machines, we might employ a hundred men for every man now on our payroll — and the whole lot of them together couldn't produce a single pound of finished steel.

On the other hand, our employees—while they do only 1% of the physical work—provide the human skill and the brain power, without which the machines could not produce any steel either. So it looks like a kind of fifty-fifty proposition with men and machines teaming up together to do the job that neither could do alone.

But it isn't a fifty-fifty proposition at all, of course. Not by a long shot: because for every dollar the shareowners received for the use of these machines, our employees got $10 in wages, salaries and benefits last year.

I do not mean to suggest that this is an improper, or unfair distribution of the proceeds of the teamwork between men and machines. Neither do I suggest that it is an ideal distribution. Perhaps the machine-owners should get more and the employees less; or perhaps the reverse is true. But this I do know:

Market Decision

That if we do not pay a satisfactory wage to our employees, they will soon refuse to work for us and seek better jobs elsewhere; and if we do not pay a satisfactory dividend to our shareowners, they will refuse to provide new tools of production for our company, and will invest their savings elsewhere.

Judging from the recent behavior of the stock market, it would appear that while investors are still willing to risk their savings in industrial tools of production, they will do so only at a considerably higher rate of return than they readily accepted a few months ago. So any proposal that wages should be increased at the expense of dividends, is thoroughly unrealistic under these circumstances; and would dry up job opportunities by the thousands.

Which brings us then to the last remaining profit source that our "helpful" friends might try in their search for unproduced wage boosts. That is the 2 and eight-tenths cents we spent for growth. This money went to the carpenters, bricklayers, steelworkers, machinists, architects and engineers who built the new shops and laboratories in which many of our present employees now work. It went to geologists and miners, surveyors and construction workers who evaluated and developed new sources of raw materials that our nation will need in the years ahead. It went, in short, to strengthen the job security of our employees and the industrial security of America.

Shall we take jobs then from all these different groups of workers in order to add to the pay of our own employees? Well, I'm afraid that might cause considerable jurisdictional dissension among the professional profit-squeezers themselves; and I seriously doubt that our own employees — as Americans—would wish us to subtract from the security of their families and of their fellow citizens by curtailing our research activities, or by failing to keep our steel plants equipped to meet whatever challenge the future may hold for our country.

Conclusion

We know our own plants, our own production problems, and the figures our own accountants put before us. We also know that the profit-detractors, if successful, have a device more effective than any other for weakening industrial America.

So my purpose in presenting this discussion is simple. Of the three propaganda campaigns, this campaign against profits could well prove the most disastrous for us all—for employees and employers alike.

And that is why I believe it is up to everyone of us to use our voices in helping to create among all of our fellow Americans a better understanding of what profits do for people.

The employees of American industry are intelligent people. They are responsible people; and they are just as anxious to preserve and to increase America's industrial strength as you and I are. Given an opportunity they will listen to the facts, weigh them up, and form their own independent judgments, I think, in the light of that horse sense I mentioned earlier.

And my guess is that their judgment, when it comes, will not coincide with that of the propagandist who would jeopardize the future and their children's future for the sake of squeezing a working profit.

In fact, I believe they are much more likely to say: "We can take care of our enemies, ourselves, but Heaven protect us from our friends!"

Sydney Holtzman With Singer, Bean, Mackie

Sydney Holtzman has joined the trading department of Singer,


Sydney Holtzman

Bean & Mackie, Inc., 40 Exchange Place, New York City.

Mr. Holtzman was associated with McManus & Walker for the past four years. He specializes in industrial securities.

Res. Mgr. for Bache

BEVERLY HILLS, Cal. — William W. Blatner has been appointed resident manger of the Beverly Hills, Cal. branch office of the nation-wide investment firm of Bache & Co., it was announced by Sam Smith, resident partner at the local office.

Mr. Blatner joined Bache & Co. in 1940 as a customer's representative in the Albany, N. Y. office; later transferred to the Wilkes-Barre, Pa. branch, and subsequently moved to Bache's Beverly Hills office in 1956.

News About Banks and Bankers

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

The Chase Manhattan Bank, New York, has opened temporary quarters at 189 Broadway for its branch which, until the close of business last Friday, was located at 214 Broadway.

The branch's old home at 214 Broadway will be the site of a new modern office building, and it is the Bank's plan to move back to the original location when the new building is completed—within the next two years.

At the temporary quarters, the same officers and staff will continue to serve the branch's customers. Officers at the branch are Harold E. Hardiman, Assistant Vice-President; William G. Andersen, Assistant Treasurer and Manager; and William E. Fanning, George A. Hughes, and Henry A. Thomas, Assistant Treasurers.

* * *

William J. Lamneck and William H. Lantz have been appointed Vice-Presidents in the international department of the **Chase Manhattan Bank, New York,** George Champion, President, announced on Feb. 5.

Both are former Assistant Vice-Presidents and are located at the Bank's head office. Mr. Lamneck, a member of the staff since 1921, is associated with the Far Eastern division. Mr. Lantz, who joined the Bank in 1930, has been in foreign exchange trading since 1933.

Other promotions on the international department staff at head office were those of William H. Beatty, Jr. and Samuel Pinkowitz, named Assistant Vice-Presidents, and Fred W. Hammann, George F. Lang and Frederic G. Schwarz, appointed Assistant Treasurers.

* * *

J. Malcolm Johnston, Senior Vice President of **Girard Trust Corn Exchange Bank, N. Y.,** retired as an active officer of the Bank, after 42 years of service.

Starting with the Bank as a clerk in the Treasurer's Department in 1916, Mr. Johnston became an officer in 1924 and Vice-President in 1940. He was at one time in charge of the Investment Division and later of the entire Trust Department which held more than a billion dollars of customers' assets. While directing trust operations, he introduced the use of punch-card business machines for bookkeeping and clerical work, the first such installation by a Philadelphia commercial bank.

Mr. Johnston established the Bank's Advertising Department and was Chairman of the Advertising Committee for many years. He was responsible for the modernization of the Girard Annual Report which, with cartoons included, has won numerous "Oscars" as the best bank report in the country.

In 1948 Mr. Johnston was appointed Senior Vice-President of the Bank. When he reached retirement age he was requested by the Board of Directors to continue in active service and has been special advisor to the President in matters involving operations and research. He was elected a member of the Board in 1956.

* * *

Hartland S. West, Vice-President of **J. P. Morgan & Co., Incorporated,** N. Y. retired. Mr. West was hired Dec. 1, 1909, as a floor boy, carrying messages and papers for the partners of what was then a private banking firm. Over the years he rose to the top accounting position in the bank, becoming Comptroller and subsequently a Vice-President. He reached 65, the bank's retirement age, Jan. 6.

As he advanced in the organization, Mr. West saw duty in the dividend, securities, and bookkeeping departments. His longest hitch —1916 to 1935—was in the loan department, where the work was chiefly figuring interest and keeping track of borrowers' collateral.

In 1948 he was elected a Vice-President, also retaining the post of Comptroller. Five years later, for health reasons, he yielded the duties of Comptroller but continued as a Vice-President, still principally concerned with the bank accounting area.

* * *

The First National City Bank of New York announced on Feb. 4 that E. Newton Cutler, Vice-President, formerly in charge of its Middle Western District, has been promoted to general administrative duties in its National Division. At the same time the Bank announced changes in the supervision and geographical alignment of its Middle Western District.

To the district previously embracing Chicago and Wisconsin will be added the state of Illinois. In the future, this district will be called Middle Western District No. 1 and will be under the supervision of James F. Jaffray, Vice-President, who formerly headed the Bank's Transportation Department. T. Carl Wedel, Vice-President, will succeed Mr. Jaffray as officer in charge of the Transportation Department.

The balance of Mr. Cutler's previous territory will be known as Middle Western District No. 2, and will be headed by Richard E. Thomas, Vice-President. The area includes the states of Colorado, Iowa, Kansas, Minnesota, Missouri, Montana, Nebraska, North Dakota, South Dakota and Wyoming.

* * *

Irving Trust Company, New York, was given approval by the New York State Banking Department to increase its capital stock from $50,000,000, consisting of 5,000,000 shares of the par value of $10 each, to $51,000,000, consisting of 5,100,000 shares of the same par value.

* * *

Royal State Bank of New York, New York, was given approval by the New York State Banking Department to increase its capital stock from $2,000,000, consisting of 400,000 shares of the par value of $5.00 each, to $2,100,000, consisting of 420,000 shares of the same par value.

* * *

Frank Mullen, President of the **Greater New York Savings Bank, N. Y.,** announced the election of Manuel Kessman, formerly comptroller, as Vice-President and Comptroller, and Robert L. Wassmer, former Assistant Vice-President, to Vice-President. Gabriel F. Moe, William S. Hedley and Albert J. Casazza were advanced from Assistant Secretary to Assistant Vice-Presidents.

* * *

The stockholders of the **American Trust Company, New York,** elected the following four new Directors: William Alpert, Oscar L. Chapman, George Frankenthaler, and I. Jean Gottmann.

* * *

Edward C. Fey, Assistant Secretary of the **Corporation Trust Co., of N. Y.** died Jan. 30 at the age of 60.

* * *

William James Wason, Jr., Chairman of the Board of Trustees and former President of the **Kings County Trust Company, Brooklyn, N. Y.,** died Feb. 2 at the age of 86. Mr. Wason joined the Trust Co. in 1897 as a bookkeeper and clerk. He held several executive positions before becoming President in 1934. Mr. Wason became Chairman of the Board in 1952, and was also first Vice-President of the **Dime Savings Bank of Brooklyn.**

* * *

Paul E. Schaefer, President of the **Bank of Huntington, N. Y.,** died Jan. 30. He was 63 years of age. Mr. Schaefer joined the **Huntington Station Bank** when it was founded in 1921 as Assistant Cashier. He served as its Cashier and was elected President in 1955. When the Huntington Station Bank was merged with the Bank of Huntington in 1956, he became President of the latter Bank.

* * *

Union Trust Company of Springfield, Mass., and **The Springfield National Bank, Springfield, Mass.,** merged under charter of Union Trust Company of Springfield, Mass. and new title **Valley Bank and Trust Company.**

* * *

Walther H. Feldmann, President of the Worthington Corporation, was elected a member of the Board of Directors of the **Fidelity Union Trust Company, Newark, N. J.,** at the bank's annual stockholders meeting on Jan. 28.

* * *

The National State Bank of Newark, N. J., increased their common capital stock from $5,462,500 to $5,700,000 by a stock dividend effective Jan. 24. (Number of shares outstanding—456,000 shares, par value $12.50.)

* * *

The Trust Company of New Jersey, Jersey City, N. J., elected Jerome L. Brenner, a Director.

* * *

The shareholders of the **First National Bank and Trust Company of Paterson, N. J.** held their annual meeting on Tuesday, Jan. 28.

The shareholders unanimously approved an increase in the common stock of the bank from $4,250,000.00 to $5,000,000.00, to be effected by a stock dividend of $750,000.00, or 3/17ths of a share for each share outstanding, payable to stockholders of record as of the date of the meeting.

* * *

Gordon B. Tuohig, was appointed an Assistant Secretary and Assistant Trust Officer of The **Morristown Trust Company, Morristown, N. J.,** President George Munsick announced on Jan. 31.

Mr. Tuohig's duties as a trust administrative officer will concern the administration of estates and trusts, Mr. Munsick said. He was formerly Administrative Assistant in the Bank's trust department which he joined in July, 1927 as a clerk.

* * *

At a regular meeting of the stockholders of **The Citizens Trust Co. of Summit** and **Berkeley Heights, N. J.,** held Jan. 28, 1958, the plan to increase the common stock was approved. The authorized new issue of 5,000 additional shares is offered to old stockholders on the basis of one new share for each two shares held as of Jan. 8, 1958 at $45.00 per share, the right to subscribe to new stock expires Feb. 11. The Citizens Trust Co. is Summit's youngest banking institution.

* * *

To increase the number of Directors from 9 to 13, stockholders of the **Asbury Park & Ocean Grove Bank, Asbury Park, N. J.,** elected Morris Cinnamon, James D. Carton Jr., George Fredericks, and Thomas Nicol to the Board.

* * *

Avery C. Adams, President of Jones and Laughlin Steel Corporation, was named a member of the Board of Directors of **Mellon National Bank and Trust Company, Pittsburgh, Pa.,** on Jan. 28, at the annual meeting of the bank's shareholders.

Mellon Bank's shareholders also approved a merger with the **Woodlawn Trust Company of Aliquippa, Pa.** Issuance of 15,000 additional shares of Mellon Bank stock was authorized—Woodlawn Trust shareholders are to receive one share of Mellon Bank stock for each two and one-half shares of Woodlawn stock. The three offices of Woodlawn Trust will become offices of Mellon Bank on Feb. 3.

In other action, the shareholders authorized the issuance of an additional 48,380 shares of Mellon Bank stock to permit payment of a 2% stock dividend—dependent on approval by the Comptroller of the Currency. Former shareholders of Woodlawn Trust would receive the stock dividend, too.

As a result of these actions by the shareholders, Mellon Bank's capital will be increased from $60,100,000 to $61,684,500 and the number of shares outstanding will be increased from 2,404,000 to 2,467,380.

* * *

Promotions and new executive responsibilities for several top management officials were disclosed by the **Western Pennsylvania National Bank, Pittsburgh, Pa.**

Operations of the McKeesport Branch Office banking activities will become the responsibility of T. J. Mayfield, executive Vice-President and Manager of the McKeesport operation. Mr. Mayfield, who first joined WPNB in 1920 when it was the **First National Bank of McKeesport,** became Assistant Cashier in 1941 and was promoted to Cashier in 1952. A resident of McKeesport, he was appointed Vice-President and made a member of the Board of Directors in 1953.

General officers promoted were Thomas M. Watt, from Senior Vice-President to executive Vice-President and F. H. Branditz, from Assistant Cashier to Comptroller.

Attorney Thomas A. Hill, joins WPNB as trust officer.

Thomas M. Watt, the new executive Vice-President of WPNB began his banking career with the **First National Bank of Braddock** and rose through various positions to President in 1949. Mr. Watt joined WPNB when the Braddock Bank was acquired.

The new Comptroller, Fred Branditz, 32, joined WPNB in 1950 and was Assistant Cashier before his promotion.

* * *

The main office of the **Woodlawn Trust Company, Aliquippa, Pa.** and its branches at West Aliquippa and New Sheffield, have become offices of the **Mellon National Bank & Trust Co., Pittsburgh, Pa.**

The merger of the Woodlawn Trust Company and Mellon Bank was approved by the shareholders of both banks at meetings held on Jan. 28. Mr. Moore, formerly President and a Director of the Woodlawn Trust Company, will serve on the Advisory Committee of the Aliquippa Offices of Mellon National Bank and Trust Company. The committee will also include the following persons, all of whom are former directors of the Woodlawn Trust Company: W. D. Craig, J. Harvey Moore, H. E. Craig, James S. Ruffner, John H. Neish and James R. Moore.

John H. Neish, formerly executive Vice-President of the Woodlawn Trust Company, has been appointed assistant Vice-President of Mellon Bank. He will have general supervision of Mellon Bank's Aliquippa Office and the Bank's offices in West Aliquippa and New Sheffield.

Raymond P. Hineman, formerly Secretary of the Woodlawn Trust Company, has been appointed manager of Mellon Bank's Aliquippa Office and W. F. Burgoyne has been appointed Assistant Manager.

Philip M. Cox, Jr., formerly Treasurer and Manager of the New Sheffield Branch of the Woodlawn Trust Company, has been appointed manager of Mellon Bank's New Sheffield Office and C. H. Droshar, former Assistant Treasurer and Manager of Woodlawn's West Aliquippa Branch, will be Manager of Mellon Bank's West Aliquippa Office.

* * *

By a stock dividend, the common capital stock of **The Merchants National Bank of Allentown, Pa.,** was increased from $1,000,000 to $1,500,000 effective Jan. 20. (Number of shares outstanding — 120,000 shares, par value $12.50.)

* * *

By a stock dividend, the common capital stock of **The Fulton County National Bank of McConnellsburg, Pa.,** was increased from $100,000 to $200,000 effective Jan. 21. (Number of shares outstanding —4,000 shares, par value $50.)

* * *

Following the annual meetings of the **Society for Savings and the Society National Bank, Cleveland, Ohio,** Arthur P. Williamson, Chairman of the Board of Society for Savings, announced the election of Mervin B. France to Chairman of the Board of Society National Bank, the savings bank's wholly owned subsidiary.

Mervin B. France

It was also under Mr. France's leadership that Society for Savings, one of the nation's oldest and largest savings banks, formed Society National Bank to offer commercial banking services to industry and the public.

* * *

The **Preble County National Bank of Eaton, Ohio,** increased its common capital stock from $80,000 to $200,000 by a stock dividend effective Jan. 21. (Number of shares outstanding — 10,000 shares, par value $20.)

* * *

The American National Bank of Noblesville, Ind., increased its common capital stock from $250,000 to $350,000 by a stock dividend effective Jan. 24. (Number of shares outstanding — 3,500 shares, par value $100.)

* * *

By a stock dividend, the common capital stock of the **First National Bank in Chicago Heights, Ill.,** was increased from $300,000 to $400,000 effective Jan. 23. (Number of shares outstanding — 40,000 shares, par value $10.)

* * *

The common capital stock of the **First National Bank & Trust Company in Alton, Ill.,** was increased from $750,000 to $1,000,000 by a stock dividend effective Jan. 21. (Number of shares outstanding — 40,000 shares, par value $25.)

* * *

By a stock dividend, the common capital stock of **The First National Bank of Effingham, Ill.,** was increased from $100,000 to $200,000 effective Jan. 24. (Number of shares outstanding — 8,000 shares, par value $25.)

* * *

By a stock dividend, the common capital stock of the **First National Bank of Rock Island, Ill.,** was increased from $400,000 to $500,000 effective Jan. 22. (Number of shares outstanding—20,000 shares, par value $25.)

* * *

The Cosmopolitan National Bank of Chicago, Ill., increased

Continued on page 35

Continued from first page

Confidence During Adversity Displayed By Funds

the case of seven managements, matched buying with selling in the case of three companies, while only three companies showed a net addition of common shares.

Attitude Toward the Bull Bond Market

The easing of money rates, with the consequent major sharp upswing in the bond and preferred stock markets, was met by a lessening from the previous quarter of purchases of such defensive securities. The funds under our review bought in the December quarter a total of $101.5 million of non-government bonds and preferred stocks, down from $135.8 million of such acquisitions during the preceding quarter. Such shunning of fixed-return issues during the market's upturn is confirmed by the data showing that the net purchase balance of such securities dropped to $9.9 million from $44.2 million during the previous quarter.

The quarter's changes in the relative proportion of the total portfolio placed in cash items, defensive securities, and risk securities, are shown in detail in Table on page 23. It should be realized that these changes were influenced by divergent policies regarding the fourth quarter's capital gains distributions under the new provisions of the Internal Revenue Code, which facilitate the funds' retention of realized gains.

In all classes of securities, management activity, as reflected in portfolio turnover showed drastic overall contraction. Excluding governments, overall purchases declined by 19%, and sales by 12%, from the July-September interval.

Long-Pull Bullishness

Exhibiting an attitude of initiating purchases for the long-pull is the Massachusetts Life Fund. Shunning speculation in the realm of economics, President Sykes implied current entry into industries already in the wringer, as chemicals, metals, retail stores, and paper; with additional buying reserves maintained for possible further market deflation.

In the van of the bulls, and galvanizing academic forecasting into concrete market action was the Dreyfus Fund. A rampant bear during the previous quarter to the tune of reducing its proportion of portfolio common stocks from 81% to 52% while buying Treasury bills, this management in the final quarter returned to the share market in a big way. $6.7 million of equities were bought, while selling amounted to only $1.9 million. Twenty-three issues were newly acquired, largely in tobaccos and oils.

After describing the recent swing-catching successes of Delaware Fund, Inc., President W. L. Nelson now embarks on this strongly bullish attitude: "To some the outlook for 1958 is somewhat disturbing; others, like ourselves, see more than usual opportunities to acquire the stocks of companies we feel will share in the next big leg-up of our economy which we believe industrial research, ever-increasing population and an awareness of our growing international responsibilities virtually assure."

Similarly, from Cameron K. Reed, President of the United Funds group: "The decline in stock prices which has occurred since July of 1957, probably as a result of the much publicized rolling recession and the remarkable scientific achievements of Russia, has caused some uncertainties and pessimism among some of our national leaders and many members of the investing public. It is our belief that the generally lower prices of stocks existing at this time offer to your company and to you as investors an excellent opportunity to make additional investments."

Long-term digging-in was likewise advocated by another leader of the fund industry, Herbert R. Anderson, President of Group Securities. Disclaiming prescience regarding timing, he states: "We believe a base is being laid for a further substantial forward movement in which price advance may again join income to a greater degree as a reward to investors in corporate securities."

This current expression of confidence marks an apparent departure from this management's recent philosophy—at least as exemplified by the last quarter's transactions by the group's Common Stock Fund and Fully Administered Fund. The former fund sold both of its steel stocks and Standard Oil of New Jersey, while buying the more defensive food and bank stocks, six issues of the latter representing new acquisitions in this industry. It increased its total of uninvested funds from 2.4% to 8.7% of net assets. The Fully Administered Fund boosted the latter cash category from 7.7 to 15%.

Preaching what he practices, Edward P. Rubin whose Selected American Shares' acquisitions exceeded its dispositions by almost 10-fold during the quarter, cites a grand total of 31 specific bullish factors, ranging from precedents regarding bear market longevity to Sputnik stimulation.

Constructive View

Also specifically constructive was a statement by Joseph M. Fitzsimmons, President of Investors Diversified Services, long-time observer of the market scene: "Although there was a decline in stock prices during the latter months of 1957, there has been no major impairment in the American economy, which last year produced goods and services having a greater value than in any previous year. Stocks of many well-managed corporations with promising future prospects can now be acquired at prices which appear to be relatively attractive for long-term investment purposes. . . . It is our responsibility to utilize periods of investment opportunity such as we are now experiencing to acquire good securities at reasonable prices."

The Investment Company of America, while portraying overall caution, discloses the favoring, via substantial increases, of bank and insurance stocks and the auto parts, drugs, electrical and electronic products, grocery chain, office equipment, oil, and steel industries.

Cudgels for Caution

The cudgels for caution have been taken up in earnest by Milan D. Popovic, the always outspoken President of Blue Ridge Mutual Fund. After depicting the market's alleged excesses, including over-projection of the growth concept, this Fund executive discloses that his portfolio has enlarged "defensive" positions such as bank, food, drug and grocery stores stocks, while reducing the holdings in other industries "of lesser stability." The impending change in the investment climate, we believe, will provide special opportunities for profitable action.

The aforementioned exceptional buying-on-balance by the closed-end giant Tri-Continental was larded with some words of caution. "For the prudent investor the cross-currents in evidence at the start of the year suggest continued caution," stated President Francis F. Randolph . . . "the slide in business activity may pick up speed over the near term." On the other hand, he continued: "Just as excessive optimism was to be avoided earlier, the months ahead seem to be a time to guard against excessive pessimism which, judging by the past, may come increasingly into vogue." Backing up this management's long-term confidence were its new acquisitions of National Fuel Gas (30,000 shares), Southwestern Public Service Co. (28,500), Central and South West Corp. (18,000), Delaware Power and Light (17,000) Florida Power Co. (9,000), Gulf States Utilities (7,000), and Houston Lighting & Power (6,000). Among the issues whose previous holdings were enlarged, were Warner-Lambert, American Stores, Grand Union, Oklahoma Gas & Electric, Carolina Power, Southern Co., Parke Davis, United Aircraft, and Charles Pfizer.

Also favoring the utilities was General Public Service, midst a conservative policy of eliminating all leverage in its corporate structure along with upgrading its portfolio issues.

On the other hand, Niagara Share which formerly was so heavily invested in the utility industry, disposed of its last remaining issue in this category, Florida Power & Light; while adding two more electronics issues, Haloid and Philips' Lamp Works, to its growing list of stocks in the electronic and other technological sector.

Outstandingly and unequivocally bearish was Shareholders' Trust of Boston, which reduced overall stockholdings to the lowest level since 1948, with liberal switching into the well-yielding bond market.

Substantial Buyers on Balance

On the constructive side, purchases of commons greatly exceeded sales in the case of the several Axe funds, Institutional Foundation Fund, Investors Mutual, Loomis-Sayles, National Securities & Income Series, both Scudder Stevens & Clark funds, Stein Roe & Farnham, the Value Line Fund and Value Line Income Fund, Wellington Fund, and all the companies in the Bullock Group, Eaton & Howard Stock

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Balance Between Cash and Investments of 77 Investment Companies End of Quarterly Periods September and December, 1957

Security Transactions by the 77 Investment Companies During Oct.-Dec., 1957

	Net Cash & Governments† Thousands of Dollars —End of— Sept.	Dec.	Net Cash & Governments† Per Cent of Net Assets —End of— Sept.	Dec.	Investment Bonds and Preferred Stocks* Per Cent of Net Assets —End of— Sept.	Dec.	Com. Stks. and Lower Grade Bonds & Pfds. Per Cent of Net Assets —End of— Sept.	Dec.	(In Thousands of Dollars) Portfolio Securities Other than Governments Total Purchases††	Total Sales**	Of this: Portfolio Common Stocks Total Purchases††	Total Sales**
Open-End Balanced Funds:												
American Business Shares	3,655	3,682	14.2	14.1	35.9	36.6	49.9	49.3	753	842	198	216
Axe-Houghton Fund A	3,605	1,553	8.5	3.8	37.7	39.8	53.8	56.4	3,755	1,758	2,963	1,759
Axe-Houghton Fund B	626	3,686	0.8	5.2	27.1	27.4	72.1	67.4	4,618	1,657	2,943	1,638
Axe-Houghton Stock Fund	154	----	2.4	----	27.7	§26.9	69.9	§69.4	870	465	802	465
Axe Science & Electronics	859	306	9.9	3.7	27.8	26.8	62.3	69.5	1,350	890	1,342	664
Boston Fund	4,426	6,902	3.2	4.9	¶36.9	¶38.6	‡59.9	‡56.5	9,283	6,325	847	3,488
Broad Street Investing	1,575	1,323	1.7	1.4	21.3	21.1	77.0	77.5	3,979	3,070	3,516	1,775
Commonwealth Investment	7,956	8,473	6.9	7.6	21.7	24.2	71.4	68.2	5,292	4,659	531	2,009
Diversified Investment Fund	1,019	1,323	1.6	2.3	27.1	30.5	71.3	67.2	1,210	1,294	1,097	1,206
Dodge & Cox Fund	388	371	7.6	7.4	27.6	30.4	64.8	62.2	434	374	N.A.	N.A.
Eaton & Howard Balanced Fund	16,560	17,891	9.9	11.1	23.7	25.4	66.4	63.5	2,502	5,137	422	1,462
General Investors Trust	390	549	11.8	16.9	15.0	17.0	73.2	66.1	90	101	38	101
Group Securities—												
Fully Administered Fund	610	1,175	7.7	15.0	19.5	17.9	72.8	67.1	998	1,454	998	1,454
Institutional Foundation Fund	542	250	5.3	2.3	N.A.	N.A.	N.A.	N.A.	1,663	588	1,272	588
Investors Mutual	6,016	8,531	0.6	0.9	33.1	35.2	66.3	63.9	46,246	35,342	8,655	5,571
Johnston Mutual Fund	564	514	9.7	9.0	31.7	33.6	58.6	57.4	310	170	121	None
Knickerbocker Fund	331	426	2.7	3.7	¶28.1	15.8	‡69.2	80.5	845	1,068	845	None
Loomis-Sayles Mutual Fund	10,506	9,723	18.7	17.4	31.7	33.0	49.6	49.6	4,387	2,861	2,476	1,411
Massachusetts Life Fund	2,970	2,862	8.9	8.4	28.5	31.5	62.6	60.1	1,284	426	418	151
Mutual Investment Fund	1,043	821	7.1	5.4	15.4	23.2	77.5	71.4	1,543	20	237	None
National Securities—Income	1,272	1,194	2.5	2.5	11.3	8.6	86.2	88.9	2,089	344	1,951	343
Nation-Wide Securities	1,914	1,915	7.5	7.5	34.7	37.4	57.8	55.1	1,252	989	1,015	671
New England Fund	1,459	1,675	11.0	12.6	30.6	31.8	58.4	55.6	264	122	13	122
George Putnam Fund	4,939	9,310	3.6	7.0	26.7	24.9	69.7	68.1	7,417	10,374	3,352	4,789
Scudder, Stevens & Clark Fund	1,882	1,396	2.9	2.2	37.7	38.7	59.4	59.1	4,002	3,895	2,406	579
Shareholders' Trust of Boston	862	690	4.8	4.0	32.2	36.1	63.0	59.9	938	407	602	407
Stein Roe & Farnham Fund	1,561	901	8.5	4.1	39.9	40.2	51.6	55.7	3,199	846	1,941	291
Value Line Fund	2,907	2,532	35.5	33.1	18.0	20.5	46.5	46.4	720	262	472	210
Value Line Income Fund	1,655	357	2.5	0.6	0.4	0.5	97.1	98.9	3,476	636	3,476	636
Wellington Fund	39,295	45,607	6.5	7.5	29.0	28.7	64.5	63.8	27,673	17,032	26,893	8,021
Whitehall Fund	122	140	1.5	1.7	47.9	47.7	50.6	50.6	306	280	213	87
Sub-Total Open-End Bal. Funds	121,663	136,078	7.3	7.2	27.5	28.3	65.1	64.2	142,748	103,688	72,055	40,112
Open-End Stock Funds:												
Affiliated Fund	43,376	47,553	12.3	13.7	0.5	0.5	87.2	85.8	2,620	6,370	2,620	6,370
Blue Ridge Mutual Fund	2,536	2,664	10.1	11.2	0.6	1.0	89.3	87.8	2,687	1,679	1,090	1,679
Bullock Fund	6,151	4,694	19.2	15.3	None	None	80.8	84.7	2,937	1,281	2,937	1,281
Delaware Fund	395	814	0.8	1.8	6.6	5.4	92.6	92.8	6,555	5,960	4,987	4,423
de Vegh Mutual Fund	2,209	2,500	15.8	19.0	3.4	2.3	80.8	78.7	3,822	4,201	3,822	3,857
Dividend Shares	34,726	31,006	17.0	15.5	0.05	None	83.0	84.5	9,602	5,515	9,602	5,515
Dreyfus Fund	6,381	3,841	47.3	25.2	None	None	52.7	74.8	6,697	1,916	6,697	1,916
Eaton & Howard Stock Fund	9,798	11,501	11.9	14.2	0.3	None	87.8	85.8	3,123	2,277	2,627	777
Energy Fund	41	41	1.0	1.1	None	None	99.0	98.9	365	321	365	321
Fidelity Fund	18,401	13,989	7.4	6.1	5.2	7.7	87.4	86.2	13,518	2,825	N.A.	N.A.
Fundamental Investors	5,766	8,245	1.6	2.4	None	None	98.4	97.6	5,009	3,005	5,009	3,005
General Capital Corp.	97	114	0.7	0.9	None	None	99.3	99.1	2,256	2,266	2,256	2,266
Group Securities — Com. Stock Fund	623	2,375	2.4	8.7	None	None	97.6	91.3	1,591	1,416	1,591	1,416
Incorporated Investors	16,374	14,318	6.9	6.8	1.1	1.3	92.0	91.9	8,290	3,398	7,823	3,398
Institutional Investors Mutual Fund§§	2,501	2,016	8.8	6.7	None	None	91.2	93.3	2,205	369	2,205	369
Investment Co. of America	10,508	10,698	11.2	12.1	None	0.04	88.8	87.9	8,443	4,939	8,443	4,939
Massachusetts Investors Trust	21,936	9,917	2.1	1.0	None	None	97.9	99.0	a18,890	11,396	18,890	11,396
Massachusetts Investors Growth Stock	7,746	2,874	5.8	2.2	None	None	94.2	97.8	14,036	1,178	14,036	1,178
National Investors	823	634	1.3	1.0	None	None	98.7	99.0	1,585	1,371	1,585	1,371
National Securities—Stock	2,578	3,235	2.2	3.0	None	None	97.8	97.0	14,623	12,719	14,623	12,719
Pine Street Fund	1,172	658	9.2	5.4	8.3	7.9	82.5	86.7	1,274	659	1,240	556
T. Rowe Price Growth Stock	1,819	1,756	19.2	18.6	3.1	3.4	77.7	78.0	889	160	889	138
Scudder, Stevens & Clark—												
Common Stock Fund	542	615	3.6	4.1	None	None	96.4	95.9	632	152	632	152
Selected American Shares	7,024	1,358	11.1	2.3	0.2	0.2	88.7	97.5	a7,606	a815	7,606	815
Sovereign Investors	40	30	2.0	1.6	2.3	3.7	95.7	94.7	155	72	136	72
State Street Investment	16,754	10,049	10.8	7.2	0.2	0.1	89.0	92.7	7,260	3,001	7,260	‡‡2,605
United Accumulative Fund	11,214	10,707	8.1	7.7	14.1	14.8	77.8	77.5	19,957	8,504	14,435	6,567
United Continental Fund	1,034	2,039	3.9	8.4	5.2	3.2	90.9	88.4				
United Income Fund	4,430	4,844	3.0	3.5	2.5	1.9	94.5	94.6				
United Science Fund	1,807	4,138	4.4	10.2	2.0	0.8	93.6	89.0				
Value Line Special Situations	160	72	2.1	1.1	None	None	97.9	98.9	64	174	64	174
Wall Street Investing	1,038	1,181	15.6	18.0	None	None	84.4	82.0	149	103	27	85
Wisconsin Fund	820	1,347	7.3	12.5	5.8	9.3	86.9	78.2	625	1,169	231	1,094
Sub-Total Open-End Stock Funds	240,820	211,823	8.5	8.1	1.9	1.9	89.6	89.9	167,465	89,211	143,728	80,454
Total Open-End Funds	362,483	347,901	8.2	7.7	14.3	14.3	77.7	76.4	310,213	192,899	215,783	120,566
Closed-End Companies:												
Adams Express	3,945	2,834	4.7	3.8	1.0	0.7	94.3	95.5	1,539	2,006	1,539	1,736
American European Securities	1,742	1,451	10.3	9.9	20.4	16.6	69.3	73.5	1,962	3,083	834	881
American International	1,095	551	3.1	1.8	1.6	1.2	95.3	97.0	901	1,432	901	1,242
Carriers & General	2,427	1,339	14.7	9.0	9.3	9.9	76.0	81.1	1,335	1,342	801	533
General American Investors	5,124	2,968	8.1	5.3	1.8	1.8	90.1	92.9	554	1,142	554	1,143
General Public Service	1,750	1,163	7.0	4.8	0.2	0.2	92.8	95.0	370	753	370	753
Lehman Corp.	15,882	b7,189	7.2	3.7	0.1	0.03	92.7	96.2	2,072	5,359	2,072	5,359
National Shares	2,417	1,309	10.6	6.3	6.2	7.1	83.2	86.6	2,229	1,650	2,138	1,563
Niagara Share	1,891	2,706	4.2	6.5	3.4	3.3	92.4	90.2	1,010	1,668	1,010	1,564
Overseas Securities	----	----	----	----	§13.2	§15.6	§86.0	§83.5	35	None	35	None
Pennroad Corp.	5,169	9,517	5.6	11.0	3.7	N.A.	90.7	N.A.	3,883	6,059	2,279	4,790
Tri-Continental	10,137	8,432	3.3	2.8	20.1	17.8	76.6	79.4	18,994	19,305	15,347	4,997
U. S. & Foreign Securities	17,692	14,643	15.3	14.1	None	None	84.7	85.9	58	16	58	16
Total Closed-End Companies	69,271	54,102	7.2	6.1	6.3	6.2	86.5	88.1	34,942	43,815	27,938	24,576
Grand Total	431,754	402,003	7.8	7.5	12.9	13.1	79.3	79.4	345,155	236,714	243,721	145,142

(The 19,957 / 8,504 / 14,435 / 6,567 figures are bracketed together for United Accumulative, United Continental, United Income and United Science Funds.)

†Including corporate short-term notes where so included by reporting investment company. *Investment bonds and preferred stocks: Moody's Aaa through Ba for bonds; Fitch's AAA through BB (or approximate equivalents) for preferreds. ¶Bonds and preferreds irrespective of quality classification. ‡Common stocks only. §In percent of gross assets. ††Cost of purchases. **Proceeds from sales. ‡‡Estimated. §§Owned by 73 savings banks in New York State. a Exclusive of corporate short-term notes. b After provision for $12,029,826 capital gain dividend paid Jan. 28, 1958.

SUMMARY

Changes in Cash Position of 77 Investment Companies December 31, 1957 vs. September 30, 1957

	Plus	Minus	Approx. Unchanged	Total
Open-End Companies				
Balanced Funds	12	14	5	31
Stock Funds	15	14	4	33
Closed-End Companies	2	10	1	13
Totals	29	38	10	77

Average Allocation by 75 Companies of Assets to Cash and Equivalent, Defensive Securities, and Risk Securities

	Sept. 30, 1957	Dec. 31, 1957
Net cash, etc., and Governments†	7.8%	7.5%
Defensive securities (investment bonds and preferreds)	12.9	13.1
Risk securities (common stocks plus lower grade bonds and preferreds)	79.3	79.4
	100.0%	100.0%

Changes in Common Stock Holdings of 57 Investment Management Groups

(October — December, 1957)

Issues in which transactions by more than one management group occurred. Issues which more managements sold than bought are in italics. Numerals in parentheses indicate numberof managements making entirely new purchases or completely eliminating the stock from their portfolios. *(Purchases shown exclude shares received through stock splits or stock dividends. Changes through mergers also disregarded.)*

—Bought— No. of Trusts	No. of Shares		—Sold— No. of Shares	No. of Trusts
		Agricultural Equipment		
5(1)	49,500	Deere	300	1
1	5,000	International Harvester	300	1
		Aircraft and Aircraft Equipment		
2	900	Aeroquip	None	None
2(1)	2,000	Bell Aircraft	None	None
4(2)	11,000	Bendix Aviation	6,400	3
1(1)	18,100	Curtiss-Wright	700	1
5(2)	3,900	Douglas Aircraft	14,300	2(1)
1	1,500	Garrett	5,000	1(1)
5(3)	46,900	General Dynamics	9,000	1
1	2,300	Martin	3,500	1(1)
6(2)	43,080	United Aircraft	5,400	3
1	*4,900*	*Boeing Airplane*	*18,000*	*2(2)*
1	*1,800*	*Lockheed Aircraft*	*25,000*	*3(2)*
3(2)	*11,800*	*North American Aviation*	*166,034*	*6(2)*
		Airlines		
2(1)	8,300	American Airlines	19,900	2(2)
3(1)	45,200	Pan American World Airways	None	None
3(2)	26,011	United Air Lines	3,448	2
2	*2,700*	*Eastern Air Lines*	*14,100*	*3(3)*
		Automotive		
7(1)	83,500	Chrysler	16,100	4(3)
4	25,200	Ford	None	None
2	12,000	Ford of Canada "A"	None	None
2	*20,000*	*General Motors*	*121,300*	*9(2)*
		Automotive Equipment		
2(1)	5,300	American Bosch Arma	None	None
2	3,600	Borg-Warner	None	None
4(1)	7,700	Briggs & Stratton	None	None
2	4,900	Eaton Manufacturing	None	None
2	3,500	Kelsey-Hayes	None	None
2	4,070	Stewart-Warner	3,000	1(1)
4(2)	12,800	Thompson Products	9,700	3(2)
		Banking		
2(1)	7,500	Bankers Trust	None	None
4(1)	14,000	Chase Manhattan	None	None
8(1)	39,930	Chemical Corn Exchange	484	1(1)
3(1)	9,700	First Nat'l City Bank of N. Y.	10,900	2(1)
2	17,000	Guaranty Trust (N. Y.)	13,300	2(2)
2	1,616	National Bank of Detroit	None	None
3	3,575	Northwest Bancorporation	None	None
1	1,675	Republic Nat'l Bank of Dallas	12,915	1(1)
3(2)	44,400	Security-First Nat'l Bk. of L. A.	None	None
2	11,500	Transamerica	None	None
		Beverages		
2	23,100	Coca-Cola	1,500	1(1)
3	21,400	Pepsi-Cola	11,600	1
1	*19,000*	*Canada Dry*	*34,100*	*2(1)*
		Building, Construction and Equipment		
2	13,700	Brit. Columbia Forest Products	None	None
2	4,500	Carrier Corp.	4,000	2(1)
2(1)	8,400	Celotex	None	None
3(1)	3,000	General Portland Cement	7,200	3
1(1)	6,200	Johns-Manville	500	1
2	5,500	Marquette Cement	None	None
2	4,376	Masonite	324	1
2	468	Missouri Portland Cement	20	1
4(1)	14,800	National Gypsum	None	None
8(1)	13,090	National Lead	1,300	2
2(1)	4,430	North American Cement "A"	None	None
3	6,000	Otis Elevator	14,000	3(1)
2(2)	18,500	Penn-Dixie Cement	None	None
2(1)	10,400	Ruberoid	None	None
3	2,435	Trane	None	None
5(3)	12,100	U. S. Gypsum	None	None
3	11,300	U. S. Pipe & Foundry	None	None
2	6,500	U. S. Plywood	8,000	1
3(2)	30,700	Weyerhaeuser Timber	1,300	1
None	*None*	*American Radiator*	*9,000*	*2(1)*
1	*2,000*	*Armstrong Cork*	*11,800*	*2(2)*
1	*11,000*	*Lone Star Cement*	*10,900*	*3(1)*
1	*100*	*Minneapolis-Honeywell*	*3,495*	*3(2)*
		Chemicals & Fertilizer		
2	800	Air Reduction	2,000	1
7(2)	36,600	Allied Chemical & Dye	5,000	1(1)
4	28,800	American Cyanamid	7,500	2(1)
1	2,500	American Potash & Chemical	1,000	1
4	4,070	Diamond Alkali	8,586	3
7	4,312	Dow Chemical	1,008	2
10(1)	7,900	Du Pont	200	1
6	16,262	Eastman Kodak	110	1
2(1)	9,400	Food Machinery & Chemical	2,700	1
5	19,000	Hercules Powder	2,000	1
2	13,500	Hooker Electrochemical	5,800	2
1	300	Interchemical	1,475	1(1)
7(1)	46,280	Monsanto Chemical	1,020	1(1)
2(1)	44,100	Pan American Sulphur	None	None
3	3,600	Pennsalt Chemicals	None	None
4(1)	2,374	Rohm & Haas	None	None
2(1)	25,100	Spencer Chemical	None	None
2	440	Stauffer Chemical	2,650	1
2	2,500	United Carbon	None	None
1	*2,000*	*Lindsay Chemical*	*2,300*	*3(1)*
None	*None*	*Olin Mathieson Chemical*	*42,000*	*2*
4	*3,700*	*Union Carbide*	*16,900*	*7(2)*
		Coal & Coke		
1	15,000	Island Creek Coal	5,000	1(1)
2	5,200	Pittsburgh Consolidation Coal	8,000	1
1	*2,900*	*Pittston*	*5,835*	*3*
		Containers & Glass		
6(2)	42,100	American Can	54,700	4(2)
3	3,200	Anchor Hocking Glass	None	None
3	3,800	Continental Can	3,000	2
4	6,050	Corning Glass Works	3,100	2
3	4,800	Libbey-Owens-Ford Glass	None	None
2(1)	3,000	Lily-Tulip Cup	None	None
3(2)	5,000	Owens-Corning Fiberglas	None	None
2	1,700	Owens-Illinois Glass	None	None
4(2)	5,300	Pittsburgh Plate Glass	9,450	1(1)
		Drug Products		
3(1)	5,700	Bristol-Myers	7,200	3(1)
3(1)	31,850	Carter Products	None	None
1	200	McKesson & Robbins	7,900	1(1)
3	5,600	Mead Johnson	7,400	3(1)
8(3)	52,500	Merck	5,400	2
5	20,200	Parke, Davis	None	None
3	11,400	Pfizer (Chas.)	5,800	3(1)
3(1)	25,000	Schering	400	1
1	1,700	Smith, Kline & French	200	1
1	*1,500*	*Sterling Drug*	*28,500*	*2*
3	*23,076*	*Warner-Lambert*	*5,377*	*4(1)*
		Electrical Equipment & Electronics		
2	2,000	Daystrom	None	None
3(1)	31,500	International Tel. & Tel.	3,500	1
3	23,000	McGraw-Edison	2,000	1
3(2)	9,100	Philips' Lamp Works (50-Guilder Shares)	None	None
5	72,800	Radio Corp.	1,400	2
2(1)	14,500	Raytheon Manufacturing	None	None
2	3,750	Sperry Rand	3,200	2
2(1)	12,800	Sprague Electric	100	1
3	5,200	Sunbeam	800	1
2	2,900	Sylvania Electric	None	None
1	5,500	Tung-Sol Electric	400	1(1)
1(1)	10,000	Universal Products	1,029	1
8(2)	19,600	Westinghouse Electric	92,900	4(2)
3(2)	*4,383*	*Beckman Instruments*	*23,100*	*4*
1	*4,600*	*Consolidated Electrodynamics*	*7,300*	*2(1)*
None	*None*	*Cutler-Hammer*	*1,300*	*2(2)*
6	*20,600*	*General Electric*	*35,300*	*7*
1	*376*	*Mallory (P. R.)*	*578*	*2*
1	*5,000*	*Whirlpool*	*29,400*	*2(2)*
		Finance Companies		
2	7,000	Associates Investment	800	1(1)
2	12,000	Beneficial Finance	6,500	1(1)
4	27,200	C. I. T. Financial	None	None
2	3,300	Commercial Credit	15,000	1(1)
3	30,337	Household Finance	3,640	2(1)
		Food Products		
2	26,500	Armour	None	None
2	1,824	Borden	None	None
2	10,100	Continental Baking	None	None
2(1)	11,100	Corn Products Refining	11,500	1
4(1)	10,700	General Foods	18,300	2
1	1,500	Great Western Sugar	4,700	1
2(1)	28,400	Heinz (H. J.)	None	None
2	4,000	National Biscuit	None	None
4	6,400	National Dairy	400	1(1)
2(1)	4,500	Pillsbury Mills	None	None
1	2,500	Quaker Oats	2,000	1
2	17,900	Swift	5,000	1
2(2)	1,900	United Biscuit	None	None
		Insurance—Fire & Casualty		
3(1)	3,700	Aetna Casualty	None	None
1	3,000	Aetna Insurance	1,400	1
2	6,800	American Insurance	None	None
3(1)	14,698	Fireman's Fund	None	None
1	11,200	Glens Falls	5,000	1(1)
1	300	Great American	1,000	1
4	17,650	Maryland Casualty	None	None
6(2)	11,500	U. S. Fidelity & Guaranty	None	None
		Insurance—Life		
2(1)	3,000	Aetna Life	None	None
3	8,500	Travelers	2,000	1(1)
1	*300*	*Lincoln National Life*	*1,400*	*2(2)*
None	*None*	*Manufacturers Life*	*1,050*	*2(1)*
		Machinery, Machine Tools & Industrial Equipment		
2	320	American Chain & Cable	160	1
1	6,100	American Machine & Foundry	100	1
3(1)	6,200	Bucyrus-Erie	None	None
5	36,000	Caterpillar Tractor	6,600	4(2)
1	2,000	Dresser Industries	3,000	1(1)
2	1,500	Ex-Cell-O	1,000	2
3(1)	3,200	Ingersoll-Rand	4,900	1
1(1)	500	National Acme	700	1(1)
1	2,000	United Shoe Machinery	14,600	1

—Bought— No. of Trusts	No. of Shares		—Sold— No. of Shares	No. of Trusts
3	1,580	Worthington	6,000	2(1)
None	*None*	*Allis-Chalmers*	*21,100*	*5(3)*
4(2)	*19,600*	*Babcock & Wilcox*	*30,446*	*5(1)*
None	*None*	*Black & Decker*	*1,400*	*2(1)*
2(1)	*22,000*	*Chicago Pneumatic Tool*	*29,500*	*3*
None	*None*	*Cincinnati Milling Machine*	*4,600*	*2(1)*
1	*1,000*	*Combustion Engineering*	*9,900*	*2(1)*
1	*3,000*	*Joy Manufacturing*	*8,500*	*2*
None	*None*	*Mesta Machine*	*3,100*	*2*
		Metals & Mining—Aluminum		
4	43,400	Aluminium Ltd.	7,200	2
4	1,400	Aluminum Co. of America	13,000	3(1)
3(3)	17,500	Kaiser Aluminum	1,900	2(2)
3	33,300	Reynolds Metals	None	None
2(2)	12,700	U. S. Foil "B"	600	1
		Metals & Mining—Copper		
5(2)	5,800	Anaconda	37,500	2(1)
1	12,000	General Cable	6,000	1(1)
4	3,600	Kennecott Copper	12,000	2(1)
4(1)	7,400	Phelps Dodge	5,100	2
None	*None*	*Cerro de Pasco*	*3,800*	*2(1)*
2	*3,858*	*Magma Copper*	*5,210*	*3(1)*
		Metals & Mining—Nickel		
1	2,000	Falconbridge Nickel	200	1
6(1)	21,500	International Nickel	7,600	5(2)
		Metals & Mining—Other		
3	32,000	Consolidated Denison Mines	None	None
1	2,000	New Jersey Zinc	200	1(1)
2	2,800	Vanadium	3,000	1(1)
2	*6,000*	*American Smelting & Refining*	*7,500*	*3(2)*
None	*None*	*Eagle Picher*	*3,600*	*2(1)*
		Natural Gas		
3	9,400	Arkansas Louisiana Gas	None	None
1	400	Consolidated Natural Gas	600	1
2	42,700	El Paso Natural Gas	4,000	1(1)
1	1,000	Lone Star Gas	1,500	1
2(1)	38,000	Mississippi River Fuel	20,000	1(1)
2(1)	32,000	National Fuel Gas	None	None
2	15,400	Northern National Gas	10,000	2
2(1)	9,000	Oklahoma Natural Gas	9,700	2
1	2,000	Pioneer Natural Gas	9,500	1
6(1)	40,050	Republic Natural Gas	None	None
3	13,500	Southern Natural Gas	10,700	1
1(1)	10,000	Texas Eastern Transmission	6,900	1(1)
5(1)	9,400	United Gas	26,500	4(1)
2(1)	*22,800*	*American Natural Gas*	*26,470*	*5(2)*
1	*500*	*Colorado Interstate Gas*	*18,800*	*4(2)*
1	*4,000*	*Panhandle Eastern Pipe Line*	*17,400*	*3*
1	*2,000*	*Tennessee Gas Transmission*	*25,233*	*2(1)*
		Office Equipment		
4	13,800	Burroughs	13,200	4(1)
2	1,500	Friden Calculating Machine	None	None
10(1)	8,555	IBM	3,375	5(2)
2(1)	8,100	Pitney-Bowes	None	None
1	*2,100*	*National Cash Register*	*4,100*	*2*
None	*None*	*Smith-Corona*	*1,500*	*2(1)*
		Oil		
5	36,700	Atlantic Refining	2,000	1
1	1,000	British Petroleum	5,000	1
5(1)	15,136	Cities Service	1,690	3
3(1)	6,700	Continental Oil	47,200	3(1)
10(1)	29,620	Gulf Oil	10,633	6(1)
2	12,100	Honolulu Oil	None	None
8(6)	480,834	Hudson's Bay Oil & Gas	None	None
2	8,700	International Petroleum	9,200	2(2)
3	40,388	Kerr-McGee Oil	16,600	2(1)
3(1)	25,300	Louisiana Land & Exploration	8,000	3
1	6,500	Monterey Oil	15,000	1
6(1)	33,700	Ohio Oil	None	None
1	7,500	Pure Oil	4,000	1
7(2)	77,500	Royal Dutch Petroleum	4,000	2(1)
2	27,200	Seaboard Oil	2,200	2
4	21,250	Shamrock Oil & Gas	None	None
4	4,900	Shell Oil	10,600	1
4	10,200	Sinclair Oil	12,500	2

Continued on page 26

Continued from page 22

Confidence During Adversity Displayed By Funds

Fund, Fundamental Investors, Incorporated Investors, Investment Co. of America, both M.I.T. funds, and the previously cited Tri-Continental, Dreyfus, Selected American Shares, and United Funds.

Managements Stepping Up Reserves

Portfolios de-emphasizing common stocks, in addition to those already mentioned, included Wisconsin Fund, Niagara Share, and Lehman Corp. (which completely eliminated U. S. Plywood, Allied Chemical, Thompson Products, American Smelting, Tennessee Gas Transmission, Texas Eastern, and Goodyear while adding Hudson's Bay Oil & Gas, Dominion Stores, and Sherritt Gordon all in Canada, and domestically Pacific G. & E. and Southern California Edison).

* * *

POLICY TOWARD INDUSTRY GROUPS

Our analysis of portfolio changes drawn from our tabulation, on pp. 24-26, of transactions in more than 400 stock issues, is based on the number of managements buying or selling, rather than on the number of shares involved.

The following industry groups —mostly of the "defensive" type— in particular elicited buying by numerous managements: banks, farm and automotive equipment, building, chemicals, drugs, glass, finance companies, food, fire and causualty insurance, oils, office equipment, paper, utilities, radio-TV, retail trade, and tobacco.

Industries meeting mixed reaction included aircraft, airlines, automotive, beverage, electrical, life insurance, machinery and machine tools, aluminums, coppers and other metals, natural gas, railroads, rubber, and steels. The only active telephone issue, AT&T, was sold on balance.

GROUPS FAVORED

Automotive Equipments Liked

In this group the following stocks entirely escaped liquidation, while experiencing moderate buying: American Bosch Arma, now largely a missile stock, which was newly bought by de Vegh and also acquired by the Axe-Houghton Group; Borg-Warner, bought by the National Securities Group and United Science Fund; Briggs & Stratton, newly bought by Axe-Houghton Stock Fund; Eaton Manufacturing, and Kelsey-Hayes. Stewart-Warner was closed out by Wisconsin Fund, and Thompson Products by Lehman and the Bullock Fund, while being newly acquired by Delaware Fund and de Vegh.

Banks Acquired

The most popular bank issue was Chemical Corn, picked up by eight managements. Chase Manhattan was acquired by four managements, with none selling. There was a stand-off in Guaranty Trust, with two buyers and two completely eliminating the issues.

Farm Equipments Liked

Deere again proved to be the most widely bought issue in this industry, 33,000 shares alone being bought by National Securities Stock Series.

Building Stocks Popular

The most popular issue in the building and related group was a growth issue, National Lead, which was bought by eight fund managements. The popularity of this stock manifested the quarter's return to favor of many growth issues. Next in popularity in the building group was U. S. Gypsum, bought by five managements and sold by none. Also bought without being sold were Penn-Dixie Cement, Ruberoid, and Trane. Sold on balance were American Radiator, Armstrong Cork, Lone Star Cement, and Minneapolis-Honeywell.

Chemicals Bought

DuPont, dean of blue chips, was bought by 10 managements, and

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—Bought— No. of Trusts	No. of Shares		—Sold— No. of Shares	No. of Trusts
3	5,500	Skelly Oil	2,300	2(2)
8	24,250	Socony Mobil Oil	70,212	7(2)
4(1)	15,100	Standard Oil of Calif.	7,300	2(1)
4	57,500	Standard Oil (Ind.)	1,500	1
30	114,480	Standard Oil (N. J.)	5,500	3(1)
2	3,500	Standard Oil (Ohio)	7,000	1
3	3,300	Sunray Mid-Continent Oil	8,300	1(1)
2(2)	680	Superior Oil (Calif.)	10	1
11(1)	26,166	Texas Co.	12,160	3
4(2)	62,200	Texas Pacific Coal & Oil	10,000	1(1)
1	4,000	Tidewater Oil	4,000	1
1(1)	4,000	Union Oil of Calif.	25,000	1
4	*4,200*	*Amerada Petroleum*	*18,000*	*6(1)*
1	*12,000*	*Phillips Petroleum*	*12,200*	*3(1)*
None	*None*	*Signal Oil & Gas "A"*	*8,400*	*2*
		Paper and Paper Products		
5(1)	36,700	Container Corp. of America	2,000	1(1)
4	9,700	Crown Zellerbach	500	1
4(2)	14,700	Great Northern Paper	4,600	2
9(3)	20,830	International Paper	11,282	5(2)
2	1,400	Kimberly-Clark	None	None
4	3,465	Mead	None	None
1(1)	10,000	Oxford Paper	600	1
5(1)	71,500	St. Regis Paper	None	None
1	1,100	Scott Paper	200	1
3	13,000	Union Bag-Camp	5,900	2
None	*None*	*Marathon Corp.*	*(a)96,875*	*4(3)*
2	*19,600*	*Rayonier*	*59,400*	*3*
		Public Utilities—Electric & Gas		
3	847	American Gas & Electric	5,000	2
1	19,500	Atlantic City Electric	2,800	1(1)
3	21,400	Carolina Power & Light	None	None
2	12,000	Central Illinois Public Service	None	None
2	31,400	Central & South West	2,500	2(1)
1	7,000	Columbia Gas System	31,400	1
2(1)	12,600	Columbus & Southern Ohio Elec.	2,000	1
3(1)	33,850	Commonwealth Edison	None	None
1	1,200	Dayton Power & Light	1,500	1(1)
1(1)	17,000	Delaware Power & Light	4,500	1(1)
1(1)	9,000	Florida Power	3,000	1(1)
9(3)	112,200	Florida Power & Light	13,100	3(2)
2(1)	12,000	Houston Lighting & Power	None	None
6(4)	62,600	Idaho Power	None	None
1	2,000	Interstate Power	5,000	1
3	15,500	Iowa-Illinois Gas & Electric	None	None
3	24,000	Long Island Lighting	None	None
4(1)	4,900	Louisville Gas & Electric	None	None
8(2)	66,800	Middle South Utilities	1,000	1
2	11,300	Montana Power	None	None
2	10,600	New York State Electric & Gas	28,800	1(1)
2(1)	37,000	Niagara Mohawk Power	None	None
1(1)	7,000	Northern States Power	2,200	1
3	16,300	Oklahoma Gas & Electric	5,000	1
2	12,600	Pacific Gas & Electric	500	1
2(1)	20,500	Pacific Lighting	200	1(1)
2(1)	5,000	Peoples Gas Light & Coke	14,012	1
2	4,500	Philadelphia Electric	None	None
2	25,000	Public Service Electric & Gas	None	None
2	9,000	Public Service of Indiana	6,200	1
4	13,042	Rochester Gas & Electric	None	None
2	15,700	San Diego Gas & Electric	5,000	1
1	3,700	South Carolina Electric & Gas	200	1
6	21,600	Southern California Edison	None	None
4	29,606	Southern Co.	None	None
3(2)	48,600	Southwestern Public Service	1,200	1(1)
2	3,214	Tampa Electric	None	None
2	7,000	Texas Utilities	200	1
4	25,000	Virginia Electric & Power	1,000	1
2	20,000	West Penn Electric	2,125	1
1	*1,500*	*Baltimore Gas & Electric*	*2,360*	*2(1)*
1(1)	*20,000*	*Consolidated Edison N. Y.*	*3,200*	*2(2)*
1	*500*	*Consumers Power*	*2,050*	*2(1)*
1	*4,000*	*General Public Utilities*	*15,480*	*3*
None	*None*	*New England Electric System*	*22,500*	*3(1)*
None	*None*	*Union Electric (Mo.)*	*27,000*	*2(1)*
		Public Utilities—Telephone		
1	*7,000*	*American Tel. & Tel.*	*23,900*	*4(1)*
		Radio, Television and Motion Pictures		
3(1)	9,900	Amer. Broadcasting-Paramount	1,700	1(1)
6	17,614	Columbia Broadcasting "A"	16,729	3(1)
6(1)	9,010	Columbia Broadcasting "B"	10,399	1

—Bought— No. of Trusts	No. of Shares		—Sold— No. of Shares	No. of Trusts
2	700	Motorola	2,000	1
2(1)	7,600	Twentieth Century-Fox	None	None
5(3)	16,900	Zenith Radio	2,000	1
1	*600*	*Paramount Pictures*	*3,200*	*2(1)*
		Railroads		
2(1)	4,100	Chesapeake & Ohio	12,700	2(1)
1(1)	3,100	Denver & Rio Grande	4,500	1(1)
4	3,800	Great Northern	21,000	3(2)
1	26,900	Norfolk & Western	15,000	1(1)
3	42,500	Northern Pacific	None	None
3	3,500	Southern Railway	38,700	3
2	18,000	Union Pacific	None	None
1	500	Western Pacific	2,000	1
1	*1,000*	*Atchison, Topeka & Santa Fe*	*128,000*	*3(1)*
None	*None*	*Baltimore & Ohio*	*2,000*	*2*
1	*15,900*	*Illinois Central*	*18,500*	*3(3)*
2(2)	*1,500*	*Louisville & Nashville*	*9,500*	*3(1)*
1(1)	*300*	*N. Y., Chicago & St. Louis*	*13,500*	*2(1)*
		Railroad Equipment		
2	1,300	ACF Industries	16,000	1
2	12,500	General Amer. Transportation	16,500	2
		Retail Trade		
2	4,850	Dominion Stores Ltd.	None	None
3	6,400	Federated Department Stores	2,000	1
2(1)	3,400	First National Stores	None	None
4	23,500	Grand Union	None	None
2(1)	2,030	Jewel Tea	None	None
2(1)	11,200	Macy (R. H.)	1,700	1(1)
2	1,000	Montgomery Ward	300	1
2	3,700	National Tea	3,600	2
2	1,800	Penney (J. C.)	None	None
2	7,300	Simpsons Ltd.	None	None
2	*18,700*	*Allied Stores*	*35,000*	*4(1)*
None	*None*	*Grant (W. T.)*	*10,300*	*2*
1	*2,216*	*Sears, Roebuck*	*12,125*	*3(1)*
		Rubber and Tires		
4	7,120	Firestone Tire & Rubber	11,400	1
3(3)	15,200	General Tire & Rubber	9,600	1(1)
3	2,500	Goodrich (B. F.)	12,500	3
9(1)	27,342	Goodyear Tire & Rubber	25,628	8(4)
5(1)	12,406	U. S. Rubber	100	1
		Steel & Iron		
3	10,000	Allegheny Ludlum Steel	5,700	2(1)
7	19,500	Armco Steel	2,000	1(1)
6(1)	6,250	Jones & Laughlin	18,955	2
2(1)	13,000	National Steel	6,000	2(1)
8(2)	36,100	Republic Steel	13,100	2
1	500	Sharon Steel	2,800	1(1)
3(1)	3,100	Signode Steel Strapping	10,712	1(1)
8	54,500	U. S. Steel	19,500	8(1)
1(1)	11,200	Wheeling Steel	500	1
3	12,000	Youngstown Sheet & Tube	2,000	1
5	*12,400*	*Bethlehem Steel*	*54,700*	*8(2)*
1	*3,500*	*Cleveland-Cliffs Iron*	*2,500*	*2(1)*
1(1)	*500*	*Crucible Steel*	*9,700*	*3(2)*
1	*500*	*Inland Steel*	*10,500*	*2*
		Textile & Textile Machinery		
3	30,800	American Viscose	8,500	1
2	5,700	Cluett, Peabody	2,800	2
		Tobacco		
3(1)	18,600	American Tobacco	None	None
4(3)	30,000	Lorillard (P.)	None	None
2(1)	12,000	Philip Morris	None	None
3	4,500	Reynolds Tobacco "B"	1,000	1
		Miscellaneous		
2(1)	14,200	Air Products	None	None
3	6,600	American Chicle	2,700	1(1)
1	1,400	American Machine & Metals	500	1(1)
1	500	American Optical	5,000	1(1)
2(1)	35,000	Avon Products	None	None
2(1)	12,250	Brunswick-Balke-Collender	None	None
3(1)	12,700	Colgate-Palmolive	None	None
2(1)	5,450	Eastern Industries	None	None
1(1)	1,600	Endicott Johnson	3,500	1(1)
2(1)	2,860	Foote Mineral	100	1
5	39,000	Gillette	6,100	1
1	100	Grace (W. R.)	300	1 1)
4	17,633	Halliburton Oil Well Cementing	1,000	1
4(1)	9,500	Haloid	None	None
2	5,100	Hammond Organ	None	None
2	8,450	Hertz	7,715	1(1)
1(1)	4,000	International Shoe	600	1
2(1)	10,000	Johnson Service	None	None
1	4,500	Maytag	2,000	1
1(1)	2,500	McGraw-Hill Publishing	4,800	1
2	10,800	Metals & Controls	None	None
1	1,400	National Aluminate	4,000	1(1)
3	12,190	Newmont Mining	3,700	2
3	19,900	Newport News Shipbuilding	None	None
3(1)	4,900	Outboard Marine	None	None
2	7,000	Perkin-Elmer	100	1
6(3)	30,100	Polaroid	None	None
2	9,200	Ronson	None	None
1	9,100	Simmons	5,600	1
2(1)	6,400	Stone & Webster	500	1
None	*None*	*Harbison-Walker Refractories*	*9,000*	*2*
2(2)	*4,700*	*Minnesota Mining & Mfg.*	*5,000*	*3*

(a) Sold before merger with American Can, or not exchanged for American Can stock.

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Confidence During Adversity Displayed By Funds

sold by only one. In Allied Chemical, the Lehman Corp.'s liquidation was more than counterbalanced by seven fund purchases (with Wellington acquiring 17,000 shares newly). Another runner-up was Monsanto, with purchases by seven funds overbalancing a single disposition. Eastman Kodak had six buyers, with only one small seller. Sold on balance were Union Carbide and Olin Mathieson.

Drugs Acquired

Most popular drug issue was Merck, bought by eight managements, including three entirely new. Bullock Group made a new acquisition of 6,300 shares. Second best liked was Parke, Davis, with five buyers. Disliked was Sterling Drug, while a mixed attitude prevailed toward Bristol Myers, Mead Johnson, and Warner-Lambert.

Glass Issues Bought

Corning Glass and Pittsburgh Plate Glass were liked by a greater number of managements than others in this group.

In addition, there was only buying and no selling in Anchor Hocking, Libbey Owens Ford, Owens - Corning Fiberglas, and Owens-Illinois Glass.

Finance Companies

Midst their prospects complicated by cost-of-money changes and auto sales uncertainties, the leading listed finance companies were all bought on balance. C.I.T. Financial was bought by M.I.T. (13,700 shares), National Securities Stock Series (10,000), Wellington Fund (3,000), and Mass. Life Fund (500); with no sellers. Household Finance was acquired by the two M.I.T. funds (with a combined 24,000 shares), Investors Mutual and de Vegh; with a sale by Wellington and complete elimination by Stein Roe & Farnham.

Foods Highly Favored

Among the top favorite groups was the defensively hailed food sector. National Dairy was bought by Selected American, the savings-bank-owned Institutional Investors Mutual, Blue Ridge, and Group Securities Common Stock Fund. Sharing the spotlight was General Foods, being also bought by Selected American and Institutional Investors, as well as by Axe-Houghton "B" and Adams Express - American International. Sellers of this issue were Affiliated Fund and Tri-Continental. All the issues in the food products group were bought on balance, with no sellers whatever in Armour, Borden, Continental Baking, H. J. Heinz, National Biscuit, Pillsbury, and United Biscuit.

Fire and Casualty Insurance Issues Well-Bought

In the face of their extremely unfavorable underwriting results, the fire and casualty companies were accumulated. U. S. Fidelity was bought by the two Eaton & Howard funds, Investors Mutual, United Income, de Vegh, American European, and Institutional Investors; with no sellers. Maryland Casualty was acquired by Eaton & Howard Stock Fund, Investment Co. of America, Investors Mutual, and United Income; also without sellers. Fireman's Fund was acquired by Investors Mutual to the tune of 11,500 shares, by Loomis-Sayles via a new acquisition of 2,700 shares, and by Commonwealth Investment. Aetna Casualty was bought by American European, Bullock, and de Vegh.

Office Equipments Liked

True to form, IBM found a particularly large number of buyers, nine managements adding to their holdings, with one, Scudder Stevens & Clark, newly acquiring this super-blue chip in the substantial amount of 2,500 shares. The issue was sold by five managements, including a complete elimination of its 2,000 shares by Delaware. Pitney - Bowes was newly acquired by M.I.T. Growth. Sellers predominated mildly in National Cash Register (including a 3,000-share partial elimination by Lehman) and in Smith-Corona. Divergent opinion on Burroughs was manifested by a 10,200-share addition by Investors Mutual and a 5,000-share complete elimination by Dreyfus, as the largest transactions in this issue.

Oils Still Liked

In the face of discouraging industry reports concerning the supply and price position, the oils continued to attract buying. Top interest centered on Standard of New Jersey because of its rights offering, although there was some heavy buying otherwise. Purchasing beyond the exercising of rights was liberally engaged in by M.I.T., Investors Mutual and Wellington. The second most heavily bought stock was Texas Company, the largest buyer being M.I.T. with 10,000 shares, while Dreyfus Fund made a new acquisition of 2,500 shares. The largest of the few sales of this stock was by Wellington Fund to the tune of 11,000 shares. Also popular proved to be Gulf Oil with 10 managements acquiring it, including M.I.T. (12,-250). Among the six sellers were Investment Co. of America (5,400) and de Vegh with a complete elimination. The large interest in Hudson's Bay Oil & Gas, as it appears in our tabulation, is of course accounted for by the first-time offering of this Canadian oil issue via rights to stockholders of Continental Oil. Also among the favored oils was Royal Dutch Petroleum which was bought by seven fund managements at a total of 77,500 shares. The largest buyers were Wellington Fund (34,000), and Incorporated Investors (30,000 newly). As this is being written, several funds have applied to the SEC for permission to buy Royal Dutch stock under the current rights offering. During the last quarter there were two sellers, de Vegh (3,000) and Axe-Houghton "A" with a complete elimination of its 1,000 shares.

Amerada, Phillips, and Signal were sold on balance, the Tri group being included among the sellers of both Amerada and Phillips.

Papers Bought

The most widely purchased paper issue was International Paper, the United Fund Group buying 7,200 shares, with General American through a new acquisition of 4,000 shares, and Wellington (with 4,200 shares), joining the buyers. Sellers included Adams Express-American International, with a close-out of 8,750 shares. Container Corp. and St. Regis each were bought by five fund managements, the former by Wellington (newly acquiring 20,400); and the latter by Incorporated Investors (20,000), Fidelity Fund (18,500), and Scudder Stevens & Clark (15,000), George Putnam (10,000 newly) and State Street (8,000). Concurrent with its reduced earnings and dividend, Rayonier was whipsawed between large-scale selling and buying. Largest buying was an addition of 12,600 by Investors Mutual, while M.I.T. completely eliminated its 50,000 shares.

Utilities Strongly Favored

Among the utilities, a group which has been out-performing the market, top honors on the part of the funds went to Florida Power & Light coincidental with its offering of new stock. By far the largest buyers of this issue were the two M.I.T. funds with a combined acquisition of 70,000 shares. The second most favored stock was Middle South Utilities with eight buyers, including Wellington (29,000), the Tri group (20,500) and the Axe group (9,000). Next highly favored were Southern California Edison, its six buyers including Lehman (10,-000), and Idaho Power, also with six buyers including the United Funds group (25,000).

Those relatively few issues sold on balance included General Public Utilities and New England Electric, Pennroad selling 14,300 shares of the former and State Street closing out its 10,200 shares of the latter.

American Telephone was again a target for selling, with Investors Mutual reducing its holdings by 15,000 shares and Fidelity Fund eliminating its 5,000 share holding. Only buyer was Wellington, with 7,000 shares.

Radio-TV Liked

Buyers outnumbered sellers in this group; as in Columbia Broadcasting and Zenith. In CBS, however, the attitude was not unmixed, as manifested by a Lehman reduction of its holdings by 20,-700 shares.

Retailers Bought

In this well-liked defensive group Grand Union attracted 4 fund managements, including Tri-Continental (17,000), with no sellers. Also sought was Federated Department Stores, with 3 purchasers, including 3,000 share acquisitions each by Commonwealth Investment and Selected American. Among the minority sold on balance were Allied Stores, by Investors Mutual, Diversified, and Commonwealth; and Sears, by the Bullock Group and Commonwealth.

Tobaccos Strongly Favored

Liking for the cigarette companies was well-nigh unanimous. Best bought issue was Lorillard, its purchasers including the United Fund group, with 15,000 shares, and 3 entirely new acquisitions of 5,000 shares each, by Dreyfus, Rowe Price, and Shareholders' Trust of Boston. American Tobacco likewise found only buyers, including National Securities Stock Series (11,600) and Dreyfus (6,000 newly). In Philip Morris, Dreyfus also made an initial commitment of 8,000 shares.

Some Other Favorites

Among the miscellaneous issues, the following attracted above-average interest: Gillette, bought by Fundamental Investors (20,-000) and Fidelity (8,500); Halliburton Oil Well, purchased by M. I. T. Growth Stock (10,800); Haloid, newly acquired by Niagara Share (5,000); and Polaroid, bought by George Putnam (23,-100 newly), Fidelity Fund (20,000 newly), M. I. T. Growth (15,000) and State Street (15,000).

GROUPS MEETING MIXED REACTION

Aircrafts

Best liked issues in this group were United, Douglas, and General Dynamics. United was bought by the Tri group to the tune of 30,800 shares; Douglas was bought by M. I. T. (4,000) and by others, but found a large seller in Investment Co. of America (11,400 complete elimination). Largest buyer of General Dynamics was Incorporated Investors with a new commitment of 40,000 shares, while George Putnam, on the other hand, sold 9,000 shares.

On the selling side appear Boeing, with Pennroad eliminating its 10,000 shares, and Investment Co. of America its 8,000 shares. Largest seller of Lockheed was National Securities Stock Series (15,000). Liquidation was stepped up in North American Aviation, of which M. I. T. eliminated its entire holding of 106,634 shares; while the United Fund Group sold 38,900 shares. On the other hand, new positions in North American

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Joins C. W. Scranton Co.

(Special to THE FINANCIAL CHRONICLE)

NEW HAVEN, Conn.—David P. Hocking is now affiliated with Charles W. Scranton & Co., 209 Church Street, members of the New York Stock Exchange. He was formerly with Barnes, Bodell & Goodwin, Inc.

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Confidence During Adversity Displayed By Funds

were taken by de Vegh (6,000) and National Shares (1,000).

Airlines

Most favored in this group was Pan American, in which the United Accumulative Fund established a new position with 25,000 shares while M. I. T. Growth Stock Fund bought 20,000 shares. Buying outweighed selling in United Airlines, being also newly bought by United Accumulative (19,770), and by Dreyfus. A mixed attitude was displayed toward American Airlines, where the selling side was swelled by the elimination of a 14,900-share block by National Investors. In Eastern Airlines there was more selling than buying, the largest sale being effected by the Tri-Continental Group through a 10,000-share closeout.

Automotive

Here Chrysler was liked, its 7 buyers including Wellington (35,000 newly), and M. I. T. (30,000). The issue was eliminated by Loomis Sayles, de Vegh, and Axe-Houghton "A." Ford was bought by four managements, including M. I. T. (15,000), and sold by none. Selling predominated heavily in General Motors, by George Putnam (40,000 close-out), Dividend Shares (25,000), National Securities Stock Series (25,000) and others. There were only 2 buyers of GM, namely United Funds and Wellington with 10,000 shares each.

Beverages

While Coca-Cola and Pepsi Cola were bought on balance, Canada Dry was quite heavily sold, Commonwealth Investment completely eliminating its 12,000 shares, and the Value Line group selling 22,100 shares. On the other hand, Delaware Fund bought 19,000 shares of the issue.

Electricals and Electronics

Westinghouse found the largest number of buyers in this group, 8 acquiring managements including United Funds (8,000). On the other hand, important selling occurred in this issue, including a 33,400-share complete elimination by the American Business Shares-Affiliated Fund Group; one of 30,000-share by M. I. T., and a 28,000-share closeout by two companies in the Bullock Group. International Telephone & Telegraph was newly acquired by National Securities Stock Series (26,000 shares). Philips' Lamp was newly bought by Axe Science & Electronics and Niagara Share, and added to by Eaton & Howard Stock Fund. RCA was bought by five managements, including National Securities Stock Series (28,000), Investors Mutual (23,000) and Wellington (15,000), with the selling negligible.

General Electric, reversing the previous quarter's experience, met with more selling than buying. Among the seven funds on the selling side, was M. I. T. with a 25,000-share block; while the largest buyer was Wellington (14,000).

Life Insurance

In the case of the "super-growth" life insurance stocks, buying and selling was quite evenly matched. Aetna was newly acquired by American European, and also bought by M. I. T. Growth Stock Fund, with no sellers. Travelers was bought by, among others, Investment Co. of America (6,700), and eliminated by American European Securities. In purchasing Aetna, American European also switched out of Lincoln and Manufacturers Life.

Machinery

In this highly mixed group, there was no strong predeliction evidenced by fund managements. Caterpillar, where the number of buyers and sellers was about evenly matched, was acquired by Wellington (2,100), Incorporated Investors (10,000), and State Street (4,100); with selling by by Investment Co. of America (in a 4,000-share closeout), and some others.

Strongly disfavored in this group was Allis-Chalmers, which found only sellers. Attitude was mixed toward Babcock & Wilcox. Of this stock Scudder Stevens newly acquired 15,000 shares, and General American 3,000 shares. The largest seller was George Putnam, with a sale of all its 22,520 shares.

Metals

Despite this industry's worsening world statistical position, some buying appeared; notably of International Nickel, of which M. I. T. bought 6,000 shares and State Street newly acquired 5,000 shares. On the other hand, Pennroad and de Vegh eliminated their Nickel shares. Anaconda was bought by five managements, including two new acquisitions by Selected American and Overseas Securities, but was closed out by National Shares, which switched into Consolidated Denison, Foote Minerals, and Kaiser Aluminum. Buying exceeded selling in Aluminium Ltd., notably on the part of Wellington (21,100) and Fundamental Investors (21,000). Among the aluminums also liked was Reynolds Metals, of which Wellington acquired 29,600 shares, and U. S. Foil, its parent, in which Dreyfus established a new position with 12,000 shares.

Natural Gas

This group, plagued by legislative and legal uncertainties, likewise showed mixed reactions. Best liked in this group was Republic Natural Gas, which was bought by six fund managements, headed by the M. I. T. group with 15,100 shares, with no sellers. In disfavor were American Natural Gas and Colorado Interstate. In the former Pennroad and George Putnam eliminated their entire holdings; and in the latter Niagara Share closed out its 15,000 share holding.

Railroads

Most favored in the carrier group were Northern Pacific and Union Pacific. In the former, Incorporated Investors appeared as buying a 40,000 share block; and of the latter 17,000 shares were bought by M. I. T. On the other hand, Atchison met a complete elimination of its 100,000-share holding by Incorporated Investors; with Fundamental Investors also a seller in the amount of 22,000 shares. There was no fund activity in New York Central or Alleghany Corp. during the quarter.

Rubber and Tires

Greatest turnover occurred in Goodyear, with buyers and sellers closely matched. Largest buyer was Wellington (7,320), and the largest seller the United Funds Group (13,200). Well liked was U. S. Rubber, with Knickerbocker, among five buyers, making a new acquisition. Rocket-tinged General Tire was newly acquired by three managements, Axe, United Science, and de Vegh; and closed out by Atomic Development.

Steels

Best liked steel stock was Republic, with eight buyers against two sellers. Among the former were Wellington (10,100), Adams Express - American International (7,600 newly), and Investment Co. of America (8,000 newly). Among the sellers was the National Securities Stock Series (13,000). Buyers matched sellers in U. S. Steel, the largest buyers being Wellington (21,000) and M. I. T. (20,000). The largest sellers were Delaware Fund and Loomis Sayles, each with 5,000 shares. Armco Steel was well bought, the purchasers including Investment Co. of America (7,400) and M. I. T. (6,000). Only Carriers & General sold, eliminating its 2,000 share holding. Selling outweighed buying in Bethlehem, of eight sellers two, namely, Loomis-Sayles and Wisconsin Fund, making complete eliminations. Also, Investment Co. of America sold a 20,500-share block. Largest of five buyers of this issue was Wellington (5,600).

Union Service Corp. Appoints Dr. Harriman

John W. Harriman, professor of finance of the New York University Graduate School of Business Administration, has been appointed consulting economist of Union Service Corporation, it has been announced by Francis F. Randolph, Chairman and President.

John W. Harriman

Union Service is owned and operated by four investment companies to which it supplies investment research, Tri-Continental Corporation, Broad Street Investing Corporation, National Investors Corporation and Whitehall Fund, Inc.

Dr. Harriman succeeds the late Dr. Joseph B. Hubbard, who had been Union Service economist since 1945.

Formerly dean of both the Business Administration and Graduate Schools of Syracuse University, Dr. Harriman also instructed at Grinnell College, University of Rochester, Harvard Business School, and Dartmouth College (Tuck School). He received his Ph.B. degree from Brown University; and M.B.A. and D.C.S. degrees from Harvard. He has been an investment counsel and consultant on research and analysis for investment and industrial firms.

Dr. Harriman was formerly trustee of Dartmouth Savings Bank and town auditor of Hanover, N. H. He was consulting economist to the United States Department of Agriculture, and a staff member of the War Production Board, Economic Cooperation Administration and Mutual Security Administration. During World War II, he served as a Colonel with SHAEF, Finance Section, Military Government.

He is a member of the New York Society of Security Analysts, American Economic Association, American Finance Association, American Association of University Professors and Phi Beta Kappa.

Bailie With Henderson

(Special to THE FINANCIAL CHRONICLE)

DAVENPORT, Iowa—Arthur R. Bailie is now associated with T. C. Henderson & Company, Inc., of Des Moines. Mr. Bailie, who has been in the investment business in Davenport for many years, was formerly Davenport representative for Sincere and Company of Chicago.

Joins Hodgdon Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Ralph D. Joslin is now affiliated with Hodgdon & Company, 10 State Street. Mr. Joslin was formerly with Paine, Webber, Jackson & Curtis.

NASD District Elections Announced

Recent NASD elections at the district level resulted in the following choices of new officers:

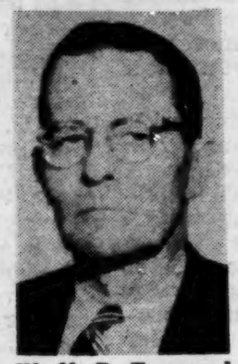
Samuel S. Whittemore, of Pacific Northwest Co., Spokane, Wash., was elected Chairman of District Committee No. 1 which


Sa— S. Whittemore


Julian L. Gumbiner


Walter J. Carey


J. Wilmer Butler


W. H. P. Townsend


Eugene H. Lear

includes the States of Idaho, Oregon and Washington. He succeeds James F. Miller, of Blyth & Co., Portland, Ore.

Julian L. Gumbiner, Vice-President, Stern Brothers & Co., Kansas City, Mo., was elected Chairman of District Committee No. 5, succeeding Donald K. Clinger, of Lathrop, Herrick & Clinger, Inc., Wichita, Kan. The District comprises the States of Kansas, Oklahoma and a part of Missouri.

In District No. 10, comprising Ohio and a part of Kentucky, Walter J. Carey, Treasurer, Cunningham, Gunn & Carey, Cleveland, was elected Chairman to succeed Elbridge S. Warner, of Hayden, Miller & Co., Cleveland.

Members in District No. 11 elected as Chairman J. Wilmer Butler, partner, Baker, Watts & Co., Baltimore. He succeeds Joseph P. Kreeger, of Jones, Kreeger & Hewitt, Washington, D. C. The District comprises the District of Columbia and the States of Maryland, North Carolina, Virginia and West Virginia.

William H. P. Townsend, partner, E. W. Clark & Co., Philadelphia, and Eugene H. Lear, partner, Reed, Lear & Co., Pittsburgh, were elected co-Chairmen in District No. 12, succeeding Frederick T. Seving, of Butcher & Sherrerd, Philadelphia, and Kirkwood B. Cunningham, Schmertz & Co., Pittsburgh. The District comprises the States of Delaware, Pennsylvania and a part of New Jersey.

Recommend Bill to Broaden Market For Municipals

E. B. Burr and others tell House Committee changes in tax law are necessary to allow formation of regulated municipal bond investment companies. State this should help broaden the market for municipals and allow persons of moderate means to invest indirectly in such securities on same basis as wealthier persons who invest directly.

Relief for the pressing financial needs of State and local governments, including school districts, through the formation of regulated investment companies with portfolios of municipal securities, was urged by Edward B. Burr, executive-director of the National Association of Investment Companies, in a statement before the House Ways and Means Committee in Washington, Jan. 31.

Bills now pending in Congress would revise the Internal Revenue Code to encourage the formation of such investment companies. The legislation has the support of President Eisenhower.

"The bills would help to broaden the market for municipal securities," Mr. Burr said, "by making it possible for the first time for the person of moderate means to invest in such securities indirectly through regulated investment companies on the same basis as the person of wealth who invests directly."

The person of moderate means cannot now invest in municipal bonds directly because the price of units is beyond his reach, sufficient investment information is not readily available, municipal bonds are not liquid enough for his purpose and he cannot afford the diversification necessary for sound investment, Mr. Burr told the Committee.

Funds are Combined

A regulated investment company combines the funds of many investors of moderate means and invests them in a diversified portfolio of securities which are selected and supervised by professional investment managers. Investment companies have brought to the capital market the funds of many hundreds of thousands of men and women who might not have invested in securities directly.

The person investing through existing regulated investment companies is in the same position, tax-wise, as if he had invested directly in the securities held in the investment company portfolio. The investment company serves as a "conduit" between the corporations whose securities it holds and the investment company shareholder.

The proposed legislation would permit the formation of regulated investment companies which would invest in municipal securities and pass through the tax-exempt status of the interest on their investments to their shareholders, Mr. Burr explained.

Municipal Issues Rise

The annual total of new municipal issues increased from $1.2 billion in 1946 to approximately $7.0 billion in 1957, Mr. Burr told the Committee.

"This increase in new issues has been reflected in a startling increase in the total municipal debt outstanding, from $16.5 billion in 1947 to $47.4 billion in 1956," Mr. Burr said. "The result has been that municipalities need more money than is presently available in the municipal bond market."

Proponents of the legislation pointed out that it will not affect existing regulated investment companies and would apply only to those which have 90% or more of their assets in cash or a diversified portfolio of State and local debt securities, derive more than 95% of their income from such securities and which distribute at least 90% of their income to shareholders.

Can Absorb More Issues

S. L. Sholley, President, Keystone Custodian Funds, Inc., Boston, told the Committee that "if the municipal market is broadened it is entirely possible that even an increasing supply of these obligations could be continuously absorbed at reasonable interest rates."

Total assets of investment companies increased from $1 billion in 1940 to $9.9 billion at the end of 1957. Shareholder accounts increased from 762,000 to 3.3 million in the same period.

"A regulated investment company with a portfolio consisting of municipal bonds would attract to municipal bond investment a new group of investors," Mr. Solley said.

Other spokesmen in favor of the proposed legislation who appeared today before the House Ways and Means Committee were: Alfred Haight, Chief Counsel of the New York State Comptroller's office on behalf of Arthur Levitt, Comptroller of the State of New York; George J. Gruner, Vice-President, John Nuveen & Co., dealers in municipal securities, New York and Chicago; and Wesley L. Lance, majority leader of the New Jersey Senate.

Roussel & Pedrick Head Mun. Dept.

NEW ORLEANS, La. — The municipal bond department of Howard, Weil, Labouisse, Friedrichs and Company, 222 Carondelet Street, members of the New Orleans Stock Exchange, is now under the management of F. Allen Roussel and Parks B. Pedrick, Jr., both of New Orleans.

Appointment of Mr. Roussel as manager and of Mr. Pedrick as comanager of the municipal bond department was announced Monday, Feb. 3, by G. Shelby Friedrichs, a partner in the firm. Mr. Roussel joined Howard, Weil, Labouisse, Friedrichs in 1954.

Mr. Pedrick joined Howard, Weil, Labouisse, Friedrichs in 1955. He is Secretary-Treasurer of the Bond Club of New Orleans and is a former member of the New Orleans Cotton Exchange.

Now With A. G. Becker

(Special to The Financial Chronicle)

CHICAGO, Ill.—Neal S. Breskin has become affiliated with A. G. Becker & Co. Incorporated, 120 South La Salle Street, members of the New York and Midwest Stock Exchanges. He was previously with Straus, Blosser & McDowell.

Sheffield Adds to Staff

NEW LONDON, Conn.—Paul A. Sharron has been added to the staff of Sheffield & Company, 325 State Street.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Bank Stocks

Among the statistics of the large New York City banks (with one exception) that are available at yearly statement time are those giving the average rates of return derived by the banks on their loans and discounts, and on their investments (or their government holdings as some of them report the information). It will be of interest to see the growth in this data in the years 1951 through 1957:

Average Rate of Return

	—On Loans—		—On Securities—	
	1951	1957	1951	1957
Bankers Trust	2.70%	4.48%	1.61%	2.55%
Bank of New York	*	4.52	*	2.55‡
Chase Manhattan	2.78	4.33	1.47	2.47
Chemical Corn	2.92	4.47	1.62‡	2.50‡
Empire Trust	3.03	4.47	1.73	3.08
First National City	3.18	4.43	1.56‡	2.56‡
Guaranty Trust	2.49	4.05	1.43‡	2.34‡
Hanover Bank	†	†	†	†
Irving Trust	3.05	4.34	2.09	3.69‡
Manufacturers	3.31	4.68	1.64‡	2.49‡
J. P. Morgan & Co.	2.50	4.12	*	2.76‡
New York Trust	2.69	4.23	1.54‡	2.30
United States Trust	2.20	4.35	1.65‡	2.39‡

*Information not available in 1951. Bank started releasing it in 1952, when it was: Bank of New York, 3.11% on loans and 1.71% on governments; J. P. Morgan & Co. 1.89% on governments. †Not available. ‡On government bonds.

In averaging the returns on loans, Bank of New York's 1952 figure is used as a starting point as it did not release this data in 1951; and this bank's 1952 securities figure was likewise employed; as was Morgan's 1952 rate. On average in these few years the return derived from loans and discounts for the group was about 52% higher in 1957 than at the earlier date; and the gain in the average return on securities (or on governments alone in some reports) was 54%. And this was accomplished with going rates of interest that were not really high, but high only in the minds of those who were willing to see living costs, commodity costs, etc., go on to steadily higher levels, but objected when the banks no longer were on the starvation rates of the depression years, but yet were by no means making bonanza profits.

The best evidence that the banks lagged so far as earnings performance was concerned, is that it was not until 1957 that they made their peak earnings, whereas industry generally saw top earnings earlier. Indeed, the banks may have still to attain to a peak earnings position if we deduct losses in securities that a number of them suffered in 1957.

But let us see how the individual New York City banks made out in the rate of return on loans and on securities for the same period:

Gain in Rate of Return

	On Loans	On Securities
Bankers Trust	74%	58%
Bank of New York	45	49
Chase Manhattan	56	68
Chemical Corn Exchange	53	54
Empire Trust	48	78
First National City	39	64
Guaranty Trust	63	64
Hanover Bank	—	—
Irving Trust	42	77
Manufacturers	41	52
J. P. Morgan & Co.	65	46
New York Trust	57	49
United States Trust	98	45

The larger percentage increases in the loan returns of Morgan, Guaranty and Bankers are probably due to the fact that these banks are wholesalers, and the unit cost of putting loans on the books of a wholesaler is of course, by-and-large, less than that in the case of the retailer. This is largely borne out by the low ratios of First National City and Manufacturers Trust; both banks cater to the small loan borrower; and, while the rates on the small loan business are high, the expenses of doing the business are also high.

Prime rates have followed the Federal Reserve discount rate, so it probably will mean that 1957 will have been the year of peak earnings from operations for the leading New York City banks. Let us not be too pessimistic on bank earnings for 1958, however; the banks are in the strong position of being able to replace loan business with investing if loans decline in volume to a material degree.

Continued from page 4

The Coming Era in Electronics

highly competitive situation in the radio-TV industry, indications are that profits for the full year will be slightly below 1956.

Detailed Insight into RCA Operations

Now let me go down the line on our various products and service operations to see how they did during 1957.

Our transistor business more than doubled in volume over the previous year. Since the occupation of our new transistor plant at Somerville, New Jersey, slightly more than a year ago, RCA has become one of the top producers in this line.

RCA receiving tubes moved ahead of the previous year with the largest gain taking place in tubes for industry use. Black-and-white kinescope tube volume also stepped ahead of last year's totals.

RCA Communications chalked up a 10% rise in service to commercial, governmental, press and personal correspondents and achieved a good increase in dollar volume over the previous year. RCA International Sales also continued to expand its world-wide market for electronic products—consumer, industrial and telecommunications.

On the broadcasting front, NBC moved ahead to capture a larger share of the viewing and listening audience and to increase its business volume over 1956. NBC-TV entered the fall season with an exciting schedule. Better than half of the regular nighttime presentations consisted of new programs. In addition, the network scheduled more than 100 "Specials," the largest number ever undertaken in a single season.

In black-and-white television receivers, RCA enjoyed a higher net profit on this line over 1956 notwithstanding a slight decrease in dollar volume, due to a greater proportion of sales in relatively higher-margin models.

RCA also marked a substantial increase over 1956 in its industrial electronic products, including broadcast equipment, microwave and other communication systems and closed-circuit TV. In 1957, two giant RCA electronic data processing systems were purchased by the New York Life Insurance Company and the Travelers Insurance Company of Hartford, Conn., for the high-speed handling of paperwork.

Some of the most spectacular consumer product advances in recent years have been scored in high-fidelity music recording and sound reproduction equipment. This year again, public preference for RCA Victor records was greater than for any other label, and RCA increased its business substantially over 1956. There was a solid volume increase in high-fidelity instruments, especially in the more expensive sets. RCA stereophonic sound equipment was all but sold out by the year's end. There also was a substantial increase over the past year in radio receivers, largely due to growing sales in transistor models and the three-way indoor-outdoor portables.

RCA's Defense Volume

The RCA Service Company reported an increased volume of business and profits in all categories of its operations—industrial, consumer and military. At present, a force of more than 2,600 Service Company specialists and technicians is at the Air Force Missile Test Center at Cape Canaveral, Florida.

I can best project the picture of RCA's activities for the military by indicating a few of the projects on which we were engaged during 1957:

(1) The development by RCA of the first completely automatic system for firing and guiding anti-aircraft missiles to their targets. This is the Talos Defense Unit. This system is one of the most comprehensive electronic defense weapons ever devised. It probably represents the closest approach yet to true "push button" warfare. The system's first firing was successfully carried out this past December.

(2) The development by RCA of the world's most accurate instrumentation radar, the first designed especially for use on guided missile ranges.

(3) The development of the RCA "Telemite" television camera, small enough to fit in the palm of the hand. This camera will enable tactical commanders to watch combat action over large areas.

(4) The successful testing of a new RCA long-range airborne radio system during the non-stop around-the-world flight by B-52 Stratofortresses of the Strategic Air Command at the beginning of last year.

(5) The installation of an RCA closed-circuit television system at the new underground headquarters of the Strategic Air Command in Omaha, Nebraska. This will provide the commanding general and his staff with instantaneous flight data, air intelligence, weather forecasts and other information essential to SAC's world-wide operations.

Most of the illustrations of RCA progress in 1957 which I have given are in the line of hardware completed and delivered. But research means as much to our continued growth as anything we are selling today, and we have made our mark by the continuing development of new materials, products and devices. Thus in 1957 RCA scientists came up with new developments in transistors, compound materials and facsimile transmissions.

In cooperation with the State of Nebraska, RCA devised an experimental electronic highway system to increase driving safety. It also developed a thin screen amplifier for brightening X-ray images for direct viewing in certain medical applications.

Let me also mention some earlier RCA research projects now in advanced development. They include a completely silent, all-electronic system of refrigeration and air conditioning, a home TV magnetic tape player to permit the playback of pre-recorded black-and-white and color programs through any standard television receiver, an electronic light amplifier which eventually may pave the way toward picture-on-the-wall television.

Future for RCA

What will this future bring for the electronics industry and for RCA? The RCA Economic Planning Department has made some long-range forecasts on what the year 1965 would be like for electronics.

The greatest growth in the electronics industry is expected to take place in what might be called industrial electronic products. This includes electronic equipment for industrial use, microwave and other forms of radio communication, closed-circuit TV, broadcasting equipment and electronic data processing systems. The projected growth approaches 300% and I have seen other figures which place it even higher. The total dollar volume should be in the neighborhood of $3.6 billion. Within this field, the most significant advances will occur in automated sensing and control devices for production, and in data processing.

Defense electronics will continue to be one of the largest areas of production for the entire industry. The figure I have seen puts the volume at nearly $6.5 billion by 1965. Considering the shift-over to missiles and the vast amount of electronic gear required to help launch, to guide and to track these devices, I would put this one on the conservative side too. Another chart I have seen puts the growth at 50% over the five year period, 1956 to 1961.

Consumer's Share

In electronics products for the consumer, population and income rises plus new products to be developed should assure a steady and substantial increase in this field. We estimate it will be something in the neighborhood of $8.5 billion by 1965 and new products could result in a substantially greater increase. Television will remain the pace-setter of consumer electronics, more than doubling in dollar volume between now and 1965.

Two by-products spring out of the growth of these end-products for industry, the military and the consumer. By 1965, they will account for a giant slice of the industry's total dollar volume.

The first of these is components—the tubes, transistors and other electronic and mechanical parts and devices that go into the making of the finished product. Within this area are two subdivisions of growth. One of these is the expansion which will take place with the growth in sales of the finished products. The second is the expansion in components as replacement parts. According to a recent estimate, these two items today account for a sales volume equal to one-third of the total sales of all electronic end-products and they are expected to double in volume by 1965.

The second by-product arising out of the growth of electronic end-items is service and installation. The anticipated rate of expansion is such that by 1965, it is expected to be the third major source of revenue for the industry.

Now when you put all these elements of the electronics industry together—industrial, military, consumer, components and service—you get a composite that points in the direction of truly fabulous growth—from today's $12 billion to an estimated $22.5 billion seven years from now.

I think you also can come to another obvious conclusion. If you examine the operating structure of RCA you will find that it is actively engaged in every one of the areas I have mentioned. Imagine where we expect to be in all these fields by 1965.

I want briefly to discuss now the outlook for color TV.

Color TV Outlook

This past year we feel that we found the key to the successful mass promotion of color. We went into 26 major cities of the country and 27 secondary markets with an intensive promotional campaign keyed to one purpose—exposure of the public to color.

In most cases the results were good, in some they were excellent, in some they were spectacular. We discovered, for example, that where we placed sets in people's homes, in two cases out of three, they generally remained there. We found too, that price was not the factor many thought it would be. When people bought a color set they generally purchased the higher-end item—in the $695 bracket and up.

In the San Francisco area, we staged a "Golden Gate Color Carnival" during the August off-season. Among other media, we featured television announcements inviting people to call in for a home demonstration. Even before the announcement was over, the telephones began to ring at the central control post. Color set sales were made in approximately two out of three cases. RCA Service Company installations, which account for only a part of the TV servicing operations in this area, tripled their installations over the period immediately preceding the campaign. Today, four months after the end of the campaign, RCA sales to dealers are maintaining a substantially higher volume than the same time last year.

Now what about 1958? We have stepped up the momentum of the 1957 campaign for the first and second quarters of this year and look forward to greatly increased activity during the third and fourth quarters. Our current color TV line achieves a new high in technical refinements and picture brilliance and RCA's dealers are swinging their support behind color. If you know the merchandising business as I do, you know that's half the battle.

There has been a comparable step-up in color programming to match the output of receivers. More than 300 of the 500 television stations broadcasting to the nation now are equipped to transmit network color to 96% of the American homes. Last year, NBC entered the autumn programming season with a color schedule 67% above the previous fall. It now goes as high as 4½ hours of color a day.

At the start of Daylight Saving Time, on April 1, NBC will become the first network to begin extensive use of magnetic tape television—both in color and black-and-white. The use of six new RCA color tape recorders will eliminate kinescope recordings and lenticular film processes for delayed transmissions and make possible vastly better color pictures. This new recording system also will enable stations across the country to broadcast programs the same hour throughout the year, regardless of time differences or time savings. For San Francisco, this means greatly improved reception of color transmissions from the East and year-round regularity of programming.

About three weeks ago, in our year-end statement, we said that "there is encouraging evidence throughout the country that a mass-market status for color TV is close at hand." The reports of our pre-Christmas sales — the highest in color TV's history—tend to bear this out. So do independent reports from a number of cities which indicate that in some areas, dealer color sales at the year-end were as high as 25% over 1956. If there is optimism then, on the prospects for color this year, it is an optimism based firmly on the recent record.

Summary

Let me briefly summarize our position:

We look forward to the continued growth of television as a highly profitable business, reaching new markets and enjoying higher revenues than ever before through color.

We expect an ever-increasing emphasis by the Armed Forces on electronic weapons, controls and comunications to the point where electronics could be the decisive element in our national security.

We foresee an increasing application of automation, atomic energy and telecommunications in industry, office work, agriculture, commerce and the home. We anticipate the not-too-distant time when atomics and electronics, already closely related, will bring new products to the market place and new benefits to the public.

We at RCA are geared, not only to keep pace with these expansions but to help accelerate them. Through broad programs of research and development and a wide diversification of manufacturing and services, we confidently expect further to strengthen the RCA reputation for pioneering and leadership in all major branches of our rapidly growing industry.

Naley Re-Elected by L. A. Exchange Div.

LOS ANGELES, Calif. — Frank E. Naley, general partner of E. F. Hutton and Company, was re-elected Chairman of the governing board of the Los Angeles Division of the Pacific Coast Stock Exchange at the division's annual meeting. Mr. Naley announced the following officers for 1958:

Frank E. Naley

William H. Jones of William H. Jones and Company, Vice Chairman; W. G. Paul, President; Thomas P. Phelan, executive Vice-President and Secretary; Edward Calin of Calin-Seley and Company, Treasurer; and A. R. Gilbert, Secretary.

New members elected to the Los Angeles Division's governing board include Jerome C. Cable, partner of J. A. Hogle and Company; and Steven Manning, partner of Paine, Webber, Jackson and Curtis.

Those continuing in office as members of the division's governing board include Leo. B. Babich of Hill Richards and Company, Sidney C. Knobloch of Crowell, Weedon and Company, Horace E. Martin of Daniel Reeves and Company, Edward Calin of Calin-Seley and Company, D. Roger Hopkins of Hopkins, Harbach and Company, and P. J. Shropshire of Mitchum, Jones and Templeton.

Retiring members of the division's governing board include Franz Osthaus of Bateman, Eichler and Company, Phelps Witter of Dean Witter and Company, and Lloyd C. Young, of Lester, Ryons and Company.

du Pasquier Co. Forming

du Pasquier & Co., Inc., members of the New York Stock Exchange, will be formed as of Feb. 16 with offices at 61 Broadway, New York City. Officers will be Alan C. Seskis, who will acquire a membership in the New York Stock Exchange, Vice-President and Treasurer; Pierre du Pasquier, President; Jean Caracciolo, Vice-President; and Dorothy M. Moran, Secretary. Mr. du Pasquier and Mr. Caracciolo will make their headquarters in Paris.

du Pasquier & Landeau, Inc. will be dissolved Feb. 14.

Form Curtis Crook Inv.

FT. WORTH, Tex. — Curtis E. Crook Investments, Inc. has been formed with offices at 2125 Ridgeview to engage in a securities business. Officers are Curtis E. Crook, President and Treasurer; and Carroll W. Crook, Vice-President and Secretary. Both were formerly with McLeod, Fisher, Crook & O'Neall, Inc.

With Hegeman Company

(Special to THE FINANCIAL CHRONICLE)

STAMFORD, Conn. — David A. Zeller, Sr. has become affiliated with Hegeman & Company, 300 Main Street.

Two With R. F. Griggs

(Special to THE FINANCIAL CHRONICLE)

WATERBURY, Conn.—Fred E. Engelking and Peter Sobin have become associated with The R. F. Griggs Company, 37 Leavenworth Street.

Continued from page 6

A Year of Challenge

can people the truth—the cold, hard, disagreeable truth — about money in an election year. We are not a stupid people. It is true that sometimes we get off balance—we sometimes are emotional and impulsive—but it would be a sad commentary on American intelligence and on the American form of government to say that we must do foolish things every year in which elections take place. If that is true then heaven help us in the struggle against a nation which doesn't bother about elections in any year.

Labor Power

And that brings me to another problem which makes 1958 a year of challenge. The problem of what to do about the swollen powers of labor unions. Are we going to defer badly needed labor legislation simply because this is an election year?

The unions have become big business in every sense of the word. They have been exercising monopolistic powers. You here in Mississippi may not feel it so much, because you have wisely adopted a right-to-work law, and no citizen of your state can be forced to join a union as he takes a job.

But this is not true everywhere and the unions are out to get your law repealed if they can possibly do so.

The possession of power by any private group in a free society requires wise use, else it will be taken away. Fifty years ago big business abused its powers and got its wings clipped by anti-trust laws, and very rightly so. And now big labor has been abusing its powers and there is no reason why it should not be brought under those same laws.

There is no doubt that the Senate committee which has been investigating labor racketeering has given this cause a big boost, but it will take concerted, concentrated, persistent effort to curb union abuses, and I should like to remind you that there are now bills before Congress to bring unions under antitrust laws, to bar compulsory union membership, to curb organizational picketing, and to close loopholes in the law against secondary boycotts. They command our every means of support.

Tax System

So does every move to reform our hodge-podge tax system, which is also one of the problems of the new year. I am not much on quotations, but I like the diagnosis of what is wrong with taxes in America which recently appear in *Business Week*.

"As it stands, the United States tax system is not a system at all in the sense of being a consistent body of levies based on some general principles and designed to produce the most revenue with the least disturbance to the economy. Instead, it is a loose collection of emergency measures that Congress has rammed through at one time or another in a desperate effort to meet some fiscal crisis. Built into these hastily drawn and often contradictory laws are a variety of *exemptions* and *exemptions*, some deliberate, some accidental, some carefully engineered by pressure groups.

"The result is a tax structure that exalts the loophole artist and distorts the normal course of economic growth. This is morally wrong and economically dangerous.

What we need and need most urgently, is to overhaul the system from top to bottom—cleaning out the inequities, introducing more flexibility removing the contradictions. What we need, in other words, is thoroughgoing tax reform."

I would like to add a comment of my own about our present tax structure. Progressive individual rates up to 91% are shortsighted and unfair, if not actually immoral. They stifle initiative, discourage venture capital and run head on into the law of diminishing returns.

Conclusion

These, then, are some of the problems which make 1958 a year of challenge. There are others, of course, but in my opinion these are among the most important. For they are problems not only for us as a nation but for each of us as individuals. And I believe that every businessman has the responsibility, second only to that of making a success of his own particular business, of taking part to the fullest extent of his abilities in the affairs of the nation, as well as in the affairs of his home town and home state.

Our form of government cannot function properly unless its better citizens participate indefatigably in governmental affairs—not only by intelligent voting but by doing our utmost in other ways to help solve the problems of the day.

This means that we must make our views known to our political representatives — to our Senators and Congressmen—that we must be willing and ready to testify before state legislative and Congressional committees—and, from time to time—when the chance arises—we must be willing to take to the platform to assist in molding public opinion.

Probably the most effective way we can contribute to good government—to meeting the challenges of the day—is not as individuals but by concerted action through the medium of organizations such as Chamber of Commerce, local, state and national.

The problems confronting our nation are grave ones indeed, but the very fact that we recognize them is the best evidence that we have taken the first necessary step toward solving them.

Justice Oliver Wendall Holmes once said that, "The greatest thing in the world is not so much where we stand as in what direction we are moving." Let us hope—indeed, let us pray—that we are moving in the right direction, and let us resolve that we will have the courage, endurance and the willingness to sacrifice in order to continue in that direction.

Keeping our heritage of freedom is no easy task. It is said that as Benjamin Franklin walked out of Convention Hall in Philadelphia, after signing the new Constitution of the United States, someone asked him, "What have you given us?," and he replied, "A Republic, Sir, if you can keep it."

Well, we have kept it thus far. Can we continue to keep it? Yes, by eternal vigilance. *Will* we keep it Yes. I hope so. I not only hope so, but I believe so.

Three With Geo. M. Baker

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Joseph S. Petruzzi, Robert W. Thomas and Thomas Zimniewicz have become associated with George M. Baker & Co., 29 South La Salle Street, members of the Midwest Stock Exchange. Mr. Thomas was formerly with Alm, Kane, Rogers & Co. Mr. Petruzzi and Mr. Zimniewicz were previously with Freehling, Meyerhoff & Co.

Dempsey-Tegeler Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — William B. Denney has been added to the staff of Dempsey-Tegeler & Co., 209 South La Salle Street.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The long-term Government market, although generally well prepared for the Treasury refunding operation, reacted downward in making its adjustment because the long-term bond which was offered carried a 3½% coupon and this was a more liberal return than was expected by the money market. Also the fact that there was, and still is, a large speculative following in Government securities does not make for real stability in quotations because these fast moving operators do not hesitate to jump about very rapidly depending upon the turn of events.

Also a part of the decline in prices of the longer term Governments is attributed to the belief that some of the outstanding obligations had gone ahead a bit too fast and some profit-taking was to be expected. In addition, the refunding obligations were attractive and the market for the old issues had to be brought in line with these new securities. There is no question but what this will be a successful operation and the Treasury will do a good job in extending the maturity of the issues which are being retired.

New Bonds Deemed Attractive

The Treasury in its recent refunding has taken care of maturities running from Feb. 15 through April 15. This is a very large operation involving about $16.8 billion, but it does clear the way for any new money raising ventures the Government will no doubt be engaged in as soon as the debt limit is increased. The three-way package which was used in taking care of the chain of maturities consisted of a one-year obligation with a 2½% rate, a six year 3% bond, and for the first time since 1955, a long-term bond with a maturity of 32 years carrying a 3½% coupon. By giving the owners of the maturing issues a choice, the Treasury will beyond any question succeed in extending the maturity date of the Government debt, since it is expected that the turn-ins for the six-year 3s and the 32-year 3½s will be sizable. The bond market is favorable for an extension of maturities and the Treasury has tailored at least a good portion of this refunding offer to fit these conditions.

Placement of Issues

The total of the maturing issues was $16,785,000,000 and the publicly held securities were $10,751,000,000, with the balance being owned by the Federal Reserve Banks and Government trust funds. It is expected that the Central Banks have turned in their maturing obligations for the 2½% certificates. This has been the custom in the past. The six year 3% bond, which is just a bit longer than a note from the maturity standpoint, appealed to the deposit bank and other institutional buyers that did not want to go out too far. As far as the 3½% bond was concerned, it is evident from the reports which are making the rounds that this obligation was taken by pension funds, savings banks, deposit institutions, dealers, traders, and not a few speculators.

It seems as though this refunding operation has attracted a very large following among those operators that have in the past been mainly in common stocks. It is their belief that profits can be made in new issues of Government securities because the money market will continue to ease. After the play is over in Treasury obligations it is believed this group will be back again in the equity market.

Command Substantial Premiums

This brings up the question among some money market specialists as to how much indigestion will develop in the Government bond market because of the rather temporary nature of the ownership of some of the issues which are being brought out by the Treasury. In spite of the speculative following which has been developing in the Government market, it is believed that the refunding issues will be very well received with some premiums above the offering price being indicated for these obligations.

3% Bond Seen Having Greatest Appeal

The Treasury, according to present guesses in the financial district, might extend the maturity of as much as one-half of the securities that are being retired. It seems to be the opinion of some money market followers that $2.5 billion or thereabout could be the amount of the maturing issues which will be turned in for the 3½% bond. As far as the six year 3% bond is concerned, it appears to be the belief of not a few money market operators that this could turn out to be about a $5 billion issue. Although it will take a bit of time to get these new issues digested, it appears to be the feeling in many quarters that the 3% bond has had the most appeal for real investors.

Hill, Darlington—B. J. Van Ingen & Co. Open Seattle Office

SEATTLE, Wash.—Opening of a branch office in Seattle, Washington, by Hill, Darlington & Co., members of the New York Stock Exchange, and its associate organization, B. J. Van Ingen & Co. Inc., underwriters and distributors of municipal bonds, through acquisition of the business of Badgley, Frederick & Rogers, Inc., west coast brokerage and underwriting firm and members of the Pacific Coast Stock Exchange, has been announced.

Located at 1118 Fourth Avenue in Seattle, the former headquarters of Badgley, Frederick & Rogers, Inc., marks the first Hill, Darlington — B. J. Van Ingen branch to be situated in the Far West. With their main office at 40 Wall Street, New York City, the investment firm and its associate now maintain eight offices located in Seattle, Binghamton, N. Y.; Boston, Mass.; Chicago, Ill.; Miami, Fla.; and Gloucester, Va.

Charles H. Badgley and Stanton W. Frederick, formerly senior partners of Badgley, Frederick & Rogers, Inc. which was founded in 1939, have been admitted to general partnership in Hill, Darlington & Co. and also elected Vice-Presidents of B. J. Van Ingen & Co. Inc.

Mr. Frederick also is a director and chairman of the executive committee of Virginia-Carolina Chemical Company and a director of Lucky Stores, Inc.

Drexel & Co. Admits Coleman to Firm

PHILADELPHIA, Pa. — Drexel & Co., 1500 Walnut Street, announces that B. Dawson Coleman has become a general partner of the firm as of Feb. 1, 1958.

B. Dawson Coleman

During World War II, he served as Lieutenant Commander in the United States Naval Reserve.

Until late 1955, Mr. Coleman was Executive Vice-President of Ebensburg Coal Company and its subsidiary companies.

M. J. Beere Partner In Sutro Bros. & Co.

Sutro Bros. & Co., members of the New York Stock Exchange, announce that Milton J. Beere, Manager of their Madison Avenue office, has been admitted to general partnership in their firm.

Mr. Beere's admission to the firm was previously reported in the "Chronicle" of Jan. 9.

Form Fin. Planning Co.

WESTON, Mass. — Financial Planning Company of New England has been formed with offices at 15 Ferndale Road to engage in a securities business. C. Parker Simpson is a principal of the firm. He was formerly with North American Planning Corporation and with Schirmer, Atherton & Co.

Form General Securities

HARLINGEN, Texas—James W. Kirksey, Jr. and Joe F. Beer have formed General Securities Company with offices at 310 East Van Buren Avenue to engage in a securities business.

John A. Kemper Opens

LIMA, Ohio—John A. Kemper, Jr. has formed John A. Kemper & Company with offices at 121 West High Street to engage in a securities business. He was previously with Thomson & McKinnon.

Continued from first page

As We See It

and qualified to do all, both in defense and industry, that is suggested not to say demanded by the advances in our knowledge of science.

Now that we are seriously considering the outlay of hundreds of millions of dollars to correct or at least to improve a situation, it is of the utmost importance that we fully understand what that situation really is. From much of the talk now heard on many sides one would suppose that the Russians were well ahead of us in their mastery of science, mathematics and technology in general. Of course, such a notion is absurd. What has happened is that the Kremlin has seen to it that its scientists and its technologists concentrated upon rocketry and have been doing so for a good while past. The net result appears to be that in that particular and very limited field, they are ahead of us—just how much we have no way of knowing, but ahead of us.

It Is Important

This is an important fact and it would be foolish to make light of it, since it is so closely related to the capacity for making war, but to say on the basis of this fact that the Russians have now outstripped us in all science, mathematics and engineering would be absurd. The distinction is an important one. There is no reason whatever to suppose that in all that vast body of technology which Americans have developed for use in ordinary industry for the production, directly or indirectly, of goods for the satisfaction of human wants we are not far, far ahead of the Russians and ahead, probably, of any other people on the globe. Nor is there any reason to believe that we do not have the men trained—and have them in reasonable abundance—to do anything that the Russians have done or are likely to do in any phase of armament. But, unlike the Russians, we have an enormous industry devoted to non-military production and this vast complex employs large numbers of technically trained engineers and others. Nor do we for a moment wish to sacrifice any of the good things of life thus produced, or at least none of them that can be produced without exposing ourselves to serious danger from without.

So rapid and so far reaching have been the advances in science and its applications that our own unexcelled technical institutions are hard put to it to turn out well equipped men in abundance sufficient for defense and our own industry, both. Such training as is required to enable an individual to cope successfully with technical problems in this day and generation, moreover, takes a great deal more time, money and equipment than was the case a generation ago. It is essential therefore to look well ahead in appraising the situation as it will be years from now. We need for the purpose youths with not only the basic ability to master intricate and difficult problems but also the willingness to undergo the strenuous labors incident to adequate training in such areas—the latter is one of our real problems.

Our Real Needs

But let us be clear in our minds what our needs really are. The President, like most of the rest of us, lumps science, mathematics, engineering and technology all together in his discussions of the problem. It is unfortunate that so many of us do the same thing. There are, as a matter of fact, two rather distinct fields which need cultivation. One is that of science as such. That is to say the study of the way nature behaves. What is learned may or may not have any direct and immediate usefulness in our daily lives or in the defense of our country, but full knowledge in this area is, of course, basic to real progress in technology. In this area we have not been among the world leaders—unless indeed we lay claim to the achievements of foreign born men who have found refuge here and made their contributions while in this country. Neither, for that matter, have the Russians at least in recent times. The rewards in this country have usually gone to the men who found ways of applying knowledge to practical, everyday things of life—the inventors, the engineers, who found better ways of doing things, etc.

In the matter of applying science to everyday work, we take second place to no people in the world, and so far as can be foreseen are not likely to be surpassed—in Russia or anywhere else. We can, if we put our mind to it, apply this type of genius to the creation of armament and the like with confidence that neither Russia nor anyone else will surpass us. The immediate problem, so far as defense is concerned, is the application of scientific [illegible] when more of nature's secrets are disclosed, we doubtless, will know how to make use of them—if and when practical application of them is feasible—but properly trained manpower is and will be needed in adequate amounts.

Advance in technology is probably more easily promoted than progress in pure science. Whether either or both would be greatly stimulated by such programs as the President proposes remains to be seen. It is a situation that requires something other than mere expenditure of public money.

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Speaking Out Plainly On Reuther's Latest Proposals

hourly employe's share of profits. We have enough trouble, as it is, in our dealings with the union in our manufacturing operations alone.

If time permitted, there are many other fishhooks that I could describe.

I think perhaps we can understand more about this proposal by considering for a moment its author and the position in which he finds himself today.

I know Walter Reuther personally. I was associated with him for several months on a study committee for the United States Senate, and I have had many other occasions to talk with him at some length. Although our economic and political views are apparently widely divergent, he gives the impression that he respects my viewpoint, and I certainly try to understand his.

I had dared to hope that, confronted with an economic downturn, with lowered sales and employment and with a serious international problem calling for increased diversion of our resources to defense needs, he would reveal himself as a true labor statesman. I had hoped that he would realistically avoid complicating the already serious problems facing our country today by maintaining the status quo in the new automobile contracts which are to be negotiated in late spring; or at least not taking so extreme a position as seriously to threaten a wave of industrial discord.

Make no mistake about this: industry cannot submit to further excessive demands or sit back and passively watch the unbridled growth of union power. Free industry begins to see its very existence threatened by that power, and it will have no choice but to fight as effective a defense as it can.

My own misguided hopes about Mr. Reuther perhaps reflected the fact that I listened too much to what he said and did not give enough weight to the practical circumstances in which he finds himself.

The fact is that Mr. Reuther is a man with a serious problem.

Pressures on Reuther

I don't think most of us can appreciate fully the tremendous pressures upon a union leader seeking to maintain and increase his position of power. He must constantly defend himself against the natural drives of ambitious and power-hungry rivals to supplant and surpass him. He must constantly try to achieve for his followers greater gains than his rivals. This goes on through the hierarchy of union leadership, and in the contending of rival union leaders to deliver more than the next fellow—without regard to economic consequences—we have today a major threat to our national well-being.

For many years now, time and economic conditions have been kind to the Reuthers of this country. They have been able to establish positions of great promi[illegible] of real power almost without parallel in American life. Unfortunately for them, they are today working against the economic tide. Yet in the inexorable law of union politics, the ante must be raised and re-raised.

What would you do if you were in Mr. Reuther's position? Suppose you could not back away from past assurances to your union members of a knock-down, drag-out fight for the "biggest wage increase in the history of the union" and for other sensational goals. Suppose, as you prepared to launch these demands, you looked into a period of rising living costs, shrinking profits, decreased sales, growing unemployment and other economic difficulties caused largely by past wage inflation. Suppose you were uncomfortably aware of your own role in stimulating that inflation and also of a mounting public annoyance and resistance against further wage inflation. What would you do if you were forced into such a box?

Well, Mr. Reuther is a fighter, and his answer is to come out slugging for all he is worth. If he can pin the blame for all our troubles on what he calls "The greed and gluttony of industry for profits," if—aided by his political allies—he can blame what he calls "administered prices" on industry, he will have a scapegoat. If, moreover, he can convince people that his huge demands will be exacted not out of the shrinking profits of 1958, but out of the larger profits arising from the unusually high business volume of prior years—you notice that's what he always talks about—then he can hope to enlist some sympathy for his demands.

This is the strategy we are witnessing today. Typically, he has sighted his guns on his traditional whipping boy, the profits of industry. His argument is a standard appeal to class warfare. He holds up profits as something intrinsically suspect, and presumes to sit in judgment on the morality of industry in pursuing them. He makes the general accusation that management is constantly engaged in actions that are, and I quote, "socially indefensible, economically unsound, and morally wrong."

Like Blaming a Cow

To my mind, blaming a company for making good profits—for being an efficient producer, in other words—is like blaming a cow for giving too much milk.

Let's examine this question of whether or not profits are socially defensible. What better single test is there of the social value of a corporation than its profit ability? Which does the better job for society:

The enterprise that consistently returns good profits, ploughs back earnings to expand its markets and provides growing, stable employment opportunities?

Or the low-profit enterprise that cannot attract funds for capital investment, that provides erratic employment at substandard wages? Is it more virtuous because it is less profitable?

Look at the history of automobile making in this country. Of the more than 1,500 manufacturers of cars and trucks who entered this industry with high expectations, only a handful remain today. As many as 2,500 individual makes of automobiles and trucks have gone down the long road to oblivion. They are gone because they could not make enough profits to stay in business.

It takes profits to provide jobs.

More than that, it takes the higher profits created by capable management to pay the higher wages that certain industries, such as the automobile industry, have been able to pay their employees.

Without the good profits that a capable management has earned, Ford Motor Company could not possibly pay its employees a rate 25% higher than the average for industrial employees. It is a matter of pride to us that we were able in 1957 to pay our average hourly worker some $6,400 in wages and other benefits such as pensions, hospitalization payments and so on.

Years ago, true liberals sided with working people against the indifference to human needs, and the social irresponsibility of old-time owners of industry. Public opinion brought about a correction of those abuses. Today those same forces cannot help but see in growing union monopoly power a new threat to our most cherished freedoms. Recognizing that threat, labor's thoughtful friends will act to protect and perpetuate the good things that organized labor has done for the people of this country.

There is an enormous job of economic and political education to be done. Unfortunately, any action aimed at restricting union power will be branded by some as reactionary and hostile to the interests of working people. But what is wanted is not union-busting and a general assault on all union leaders. The objective must be clearly limited to curbing the abuses that threaten our prosperity and our free economy.

You may ask, why don't the leaders of industry speak out plainly on this matter, as I have done. I answer simply that it is because of the power of union leaders to punish severely any such frank talk by management. They do this by closing down key plants through intermittent strikes attributed to grievances that normally would not cause a strike. As a matter of fact, it will be interesting to see if some key Ford plants are not pulled down in the near future because of my views. I have chosen to take this course despite that possibility, because of the overwhelming importance of this issue not only to Ford Motor Company but to the nation as a whole.

We are at a critical period in the history of our country. We must demonstrate to the world that free people working in a free economy can outstrip scientifically, and every other way, a nation imbued with an absolutely opposite ideology.

We proved our great strength during World War II. This industrial and economic system of ours—primary target of the Soviet propagandists who would spare no effort to bring about its collapse—this same system produced most of the goods which saved from destruction the country that is today the greatest threat to the peace of the world.

We have been blessed by the Almighty with great resources of mind, matter and spirit. We have inherited the daring and the courage of the founding fathers of our country. We are buttressed by the stength of our religious beliefs.

I have complete confidence that, facing the facts and pulling together, we can combine and dedicate these great resources of ours to winning the fight for freedom in the cold war in which we now find ourselves engaged.

We did it before. We can do it again.

Railroad Securities

Kansas City Southern

Kansas City Southern Railway is one of the few rail carriers which had well sustained earnings in 1957. Net income for the period on a consolidated basis is placed at around $9.25 a common share as compared with $10.59 in 1956 and $11.17 a share for the year 1955.

It is interesting to note that late last year the road placed the common stock on a regular $1 quarterly dividend basis. This compares with the previous regular quarterly rate of 75 cents, plus 25 cents extra previously paid. This is taken as an indication of the confidence of the management in maintaining the full rate in future quarters, particularly in view of the road's strong financial position.

As of Nov. 30, 1957, cash and temporary cash investments amounted to $32,144,000 as compared with current liabilities of $21,593,000. Working capital at the end of the period aggregated $21,728,000, a gain of $3,846,000 over the total at the end of the like 1956 period.

Amortization tax deferment amounted to about $1.60 a share in 1957 and should be about the same in 1958. New equipment and other facilities acquired recently are being depreciated under the declining balance method which writes off about two-thirds of the cost in the first half of the life of the equipment. The use of this method of accounting also should ease the tax burden.

K. C. S. has been fortunate in its location and the movement of its traffic. It has a well balanced traffic movement North and South. In addition, it has little branch line mileage and relatively little passenger business. The latter two operations are high cost and have plagued a number of the railroads. Despite rising costs of wages and materials and supplies, Kansas City Southern has been able to maintain high profit margins. This has been accomplished in large measure by economies for dieselization, property improvements, good traffic solicitation and aggressive management. Consequently, despite a drop in gross revenues in 1957 under 1956 and higher costs, the system's carry-through of gross revenues to pretax net operating income was off only slightly to 28.2% from 29.9% in 1956.

The actual volume of business handled in 1957, as measured by ton-miles, reached a new peak. The territory served has been growing over the past years and it is believed that once the general business picture has been clarified, the upward trend in earnings will be resumed. Major growth largely has been in the chemical and related industries, and since further expansion is seen for the long-term, the system's traffic position should be further strengthened. New industries also are coming into the Kansas City district and there is considerable acreage available for additional industrial installations. Also, the Shreveport, La., area likely will become more important in view of its strategic location.

The long haul movement of export grain from mid-Western elevators to Gulf ports may be influenced by the eventual opening of the St. Lawrence Seaway. However, this probably will not be a serious diversion of traffic since agricultural products account for only roughly 10% of total freight revenues as compared with more than 60% for manufactures. There is a possibility that freight rates might be adjusted to meet the combined rates and tolls of the Seaway, with much depending on the level of the tolls.

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Stimulating Housing Industry

cept an assurance of an ample supply of mortgage credit, and even more important an ample supply of mortgage credit on very liberal terms, that is with only modest down payments required and with loan maturities up to 30 years.

I think everyone will agree that we should see a larger supply of mortgage capital available this year. With interest rates and yields declining throughout the financial structure, mortgages will become relatively more attractive investments. I am hopeful that lenders will reexamine their investment programs and decide to make greatly increased funds available for FHA insured loans.

The FHA loan with its 100% government insurance and its 5¼% interest should be especially attractive in the structure of market yields which is now developing. As a matter of fact I would hope to see a reduction in the FHA maximum interest rate fairly soon. This would help ease the financial burden on your home buyers by reducing the monthly payment.

Attacks FHA Costs

There is another action I think we should take which would also reduce monthly housing costs for the home buyer. As you know the FHA insurance premium is ½ of 1% annually on the outstanding balance. I am told that the FHA now has reserves sufficient enough to meet an economic collapse of 1933 proportions. I am also told that FHA insurance costs twice as much as similar insurance in Canada. I would think that we could safely reduce the premium perhaps to ¼ of 1%, or alternatively change the premium from a recurring payment to a "one-shot" payment as part of the closing costs. I am hopeful that our housing subcommittee will have recommendations for appropriate legislation on this point.

In addition to reducing the FHA interest rate and reducing the FHA insurance premium, I think we may still have not gone far enough in lowering the required down payments. I think this is especially true of the critical price ranges in which the bulk of housing construction under the FHA program takes place. The Congress undoubtedly helped a great deal in the downpayment liberalization put into effect by the Housing Act of 1957. But even with that liberalization the minimum downpayment, exclusive of closing costs, on a $15,000 house is still over $1,000 to $1,050 to be exact. The key thing to bear in mind is with the fate of the GI loan program an uncertainty, in my judgment it becomes imperative to see that the FHA program is liberalized so that it can furnish the same stimulus which the GI loan program did. We should not be unmindful of the fact that the expansion of housing in 1954 and 1955 — sparked to an important degree by the GI loan program—was a prime mover in helping us out of the recession of 1954.

Under the GI loan program a veteran could buy a $15,000 house with no downpayment, or with a maximum of 2% down—or $300—under the credit regulations. I think that we should consider supplying a much-needed stimulus to housing construction by reducing further the required downpayments in the $10,000 to $15,000 price range. I can already hear cries of opposition from some quarters to the effect that FHA required minimum downpayments are already too low. I think the best answer, gentlemen, is the demonstrated soundness of the GI loan program. Under that program so beneficial to veterans and to our community generally, hundreds and thousands of veterans bought houses with no downpayment at all, and the repayment record on those loans has been truly outstanding. The default and foreclosure rate has been gratifyingly low.

The recent action of the Federal Housing Administration permitting the builder to pay closing costs, or permitting closing costs to be included in the mortgage in certain circumstances, may help somewhat. But it clearly does not go far enough and I plan to have my subcommittee study the FHA downpayment structure carefully to see what lower framework of minimum downpayments we should recommend.

I think we should not lose sight of the fact either that the GI loan program may still provide an important financing vehicle in the period ahead. It is still a fixture for Korean veterans and there is apparently a growing sentiment to extend it at least one more year for World War II veterans. I personally will support this. The key question, of course, is the maximum interest rate and it is problematical whether the Congress will vote a higher rate than the present 4½% maximum. In any event if the interest rate structure continues further downward, there is still a real possibility that the GI loan—even at 4½%, with a reasonable discount—may become attractive to some lenders.

Now if we make these three important changes in the FHA program—that is reduce the FHA interest rate, reduce the FHA insurance premium, and restudy the required minimum downpayments further, I think we will go a long way toward setting the stage for a revitalized home building industry.

Assuring Flow of Funds

But I think that we must also do something to insure an adequate flow of mortgage funds on liberal terms. Even if the mortgage money market continues to improve we can be sure that lenders will lag considerably in liberalizing their loan terms. In many areas we will still find a shortage of FHA loans for the maximum 30-year term and on the minimum downpayment basis. For this reason, since an expanding housing industry is a vital necessity in my judgment, we must increase and improve the support to home financing supplied through the Federal National Mortgage Association.

I would recommend at least two legislative changes to the FNMA program. First, I would eliminate FNMA's discretionary authority to be selective in the mortgages it purchases. I think that the time is long overdue to require FNMA to purchase any loan properly insured or guaranteed by the FHA or the VA.

Second, I think we must provide a substantial quantity of money to be used under FNMA's special assistance program to support low cost housing generally. Up to now FNMA's special assistance program has been used only to support specialized forms of housing such as urban renewal or military housing. People tend to forget that in the FNMA charter there is also another primary objective of the FNMA special assistance program. A basic provision provides for, and I quote "Support of home mortgages **generally** as a means of retarding or stopping a decline in mortgage lending and home building activities which threatens materially the stability of a high level national economy."

I think we are now clearly facing a situation in which we must stimulate the housing industry or run the risk of "threatening materially the stability of a high level national economy." For this reason I plan to support a program which will provide a substantial sum—perhaps as much as $1 billion—to permit FNMA under its special assistance program to make commitments for low priced housing under the FHA and GI programs. Such a proposal will undoubtedly encounter tough sledding but I am convinced of the necessity of doing something along these lines in this year's housing legislation.

Another area of housing which deserves special attention is rental housing. There have been some signs of an increased rate of rental housing construction which is clearly needed in many of our large cities. Here the basic problem does not seem to be legislative but rather to remove administrative roadblocks. Our housing subcommittee has labored mightily to get FHA off dead center in regard to its rental housing programs. I think gradually we are beginning to see the fruit of our efforts, although the program is still hampered by excessive red tape and administrative bureaucracy.

Three Last Subjects

There are, furthermore, two special subjects I would like to touch upon briefly.

The first is the subject of discount control. Now I know this is a touchy subject and I know most of you feel discount controls are unworkable and should be repealed. I think you must not overlook that the abusive discounts which developed in the 1955-56 period aroused strong feelings of opposition in the Congress. There is a strong sentiment among some that discounts are basically evil, that they increase the costs of home ownership to the buyer, and that they should be prohibited entirely. I believe that our committee, and others in Congress as well, took a more practical approach when we fashioned the present legislation which directs the housing agencies to set reasonable ceilings on discounts, with appropriate geographical differentials. I realize that discount control creates severe administrative headaches, but frankly, I think that the proposal to eliminate the controls will stir up a storm of controversy in the Congress. The fact is that they do seem to be generally workable, and I believe that the advocates of repeal will have to present a stronger case than they have done so far.

The second subject concerns second mortgage financing in the conventional loan sector. Our subcommittee has probed intensively into this subject and we have been distressed to find the growing prevalence of these dangerous financing practices in many areas of the country. I know that you as builders do not like to be forced into taking back second mortgages. The basic solution of course is to assure the ample availability of low equity FHA-insured loans. The U. S. Savings and Loan League proposal for a 90% conventional loan with partial insurance may also help eliminate the second mortgage problem. But I would like to say that our housing subcommittee is continuing to study this problem and that I hope we will have concrete recommendations to make during this session. You can be sure, however, that these recommendations will be reasonable, and that they will seek to moderate abusive practices rather than to try and prohibit second mortgage financing on a blanket basis.

Finally, let me emphasize my belief that our economic history shows clearly that the home building is a bellwether industry. What affects it affects practically every other sector of our economy. Without a healthy growing home building economy, geared to the needs of our people, we cannot long sustain a healthy overall national economy. I know this to be a basic truth and you can count on me to support whatever measures we need to maintain a strong and expanding home building industry.

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Business Man's Bookshelf

42nd Street, New York 18, N. Y. (paper), 25¢.

Telling Your Shareownership Story to Employees, Stockholders and the General Public—an information guide—New York Stock Exchange, 11 Wall Street, New York 5, N. Y.

Ten Commandments for Writing Letters That Get Results—John P. Riebel and Donald R. Roberts — Printers' Ink Books, Vision Incorporated, 100 Garfield Avenue, New London, Conn.—$6.

The Annals of the Society of Chartered Property and Casualty Underwriters — Robert M. Morse, Society of Chartered Property and Casualty Underwriters, 3924 Walnut Street, Philadelphia 4, Pa., $1.50.

Trend Of Bank Loans—Research Council, American Bankers Association, 12 East 36th Street, New York 16, N. Y.

U. S. Participation In The U. N.—Report to Congress—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), $1.00.

University of Chicago Press Books For Spring 1958 — Forthcoming publications — University of Chicago Press, 5750 Ellis Ave., Chicago 37, Ill. (paper).

Van Nostrand's Scientific Encyclopedia — D. Van Nostrand Company, Inc., Princeton, N. J. $30.00.

Your Family's Health—Stella B. Applebaum — Public Affairs Committee, 22 East 38th Street, New York 16, N. Y. (paper), 25¢.

Who is a Libertarian?—Dean Russell—The Foundation for Economic Education, Inc., Irvington-on-Hudson, N. Y. (paper), 10 copies, $1.00.

Why Stocks Must Go Up—Ira U. Cobleigh and Robert A. Gilbert—Intercontinental Research, 19 Rector Street, New York 6, N. Y. (paper), 50¢.

Joseph Faroll

Joseph Faroll, senior partner in Joseph Faroll & Co., New York City, passed away Jan. 30.

Johnson, Lane, Space Opens Branch Office

JACKSONVILLE, Fla. — Johnson, Lane, Space and Co., Inc. has opened a branch office in the Florida Title Building under the management of Philip S. May, Jr.

Securities Salesman's Corner

By JOHN DUTTON

Your Best Asset

Your best asset is not a persuasive personality, nor is it the ability to work constructively and diligently. These two qualifications will take you to the top as a salesman but unless you sell securities that are priced right, that have quality, and that are suited to the needs of your client, you will be constantly faced with the task of replacing dissatisfied customers. Being a good salesman, a good contact man, a likeable, hard working fellow, will help you to do business but it alone will not enable you to keep business, to build goodwill and achieve radiation, you also have to keep your mistakes at a minimum.

Mistakes Are Unavoidable

No man can score 100 in the investment business month in and month out, but he can be more right than wrong. I am sometimes amazed at the mistakes that are made by experienced investment men with almost a lifetime of work in the field behind them. Even some of the top-flight analysts miss the boat badly at times. But a good investment man doesn't lead with his chin. That's my point in today's little piece. Here are a few of the don'ts that I have found can be helpful to the man who wants to stay out of trouble as much as possible. After all, good clients don't grow on every street corner, they are your best asset, and if you work hard to get an account why not work a little bit to keep it. There is much less effort needed to say "No" to an underwriting, or a secondary, or some special situation before you sell it than to try to explain it after you have handed your good customer a substantial capital "loss."

Don't Be Impulsive

Don't jump to conclusions. Assemble your facts. Trust your own good judgment and experience a bit too when you read a condensed report that was obviously written to present the favorable factors of a specific situation and minimize or ignore the unfavorable. Be hard headed and ask for facts. Don't accept generalities or glossed-over excuses when a positive answer is required. Remember, it's your customer's money, and your customer's welfare that is at stake. Take care of this precious asset to the best of your ability and you will preserve your own income.

Look for Quality

Develop accounts that appreciate the value of "quality investments." These are the most stable, reliable, and constant type of customers. They are not trying to get rich overnight, they are not looking for "tips," they want income and sound security. Every time you sell some highly speculative security in a bull market to an investor that usually buys "quality" you are placing something in his hands that will eventually cause him to lose confidence in you. Then there goes your customer. For a small commission, or a quick trade, don't take a chance on losing a good account.

Learn How to Say "No"

There are times when in all good concience you have to say "No." Say it quietly and politely. Then let everyone else in the organization do what they wish. You could be wrong and you could be right, but if you concientiously believe that you can't go along on an underwriting, a secondary, or a deal, don't do it. There are times when the market is too high, even an amateur should know that huge secondaries coming along at the top of a speculative period of constantly rising prices are plain dynamite. You can hurt your accounts just as easily by selling good quality securities at prices far above their proper market value as you can by selling highly speculative or promotional stocks. If you are an investment man—remember it is up to you to sell securities that are priced right, timed right, and that are investments in the true sense of the word.

Selling — finding customers — gaining their good-will and confidence is the job of the saleman, but he is also supposed to know something about values, quality, and timing. Unless he does know, and he can at times say "No" he will never reach the ultimate top in this business.

Pacific Coast Exchange Appoints Committees

SAN FRANCISCO, Calif.—George W. Davis, Davis, Skaggs & Co., Chairman of the Board of Governors of the San Francisco Division of Pacific Coast Stock Exchange, announced the following appointments to Standing Committees of this Division for 1958:

Ethics and Business Conduct Committee: R. William Bias, Chairman, Shuman, Agnew & Co.; Allen B. Beaumont, William R. Staats & Co.; Ernest E. Blum, Brush, Slocumb & Co.; R. Russell Hodge, Frank C. Shaughnessy & Co.; Joseph A. Johnson, Lawson, Levy, Williams & Stern; Jacob G. Schurman, III (Alternate), Schwabacher & Co.; James M. Stewart, Wilson, Johnson & Higgins.

Finance Committee: George B. Simpson, Chairman, Walston & Co., Inc.; Walter A. Hamshaw, Sutro & Co.; Phillip M. Lighty, Dean Witter & Co.; Richard W. Wild, First California Company, Inc.

Floor Trading Committee: Harry F. Flachs, Chairman, Lawson, Levy, Williams & Stern; M. J. Duncan, Calvin E. Duncan & Co.; Joseph F. Edelstein, York & Co.; William V. Farrell, Irving Lundborg & Co.; George M. Greene (Alternate); Sherman Hoelscher & Co.; Jack C. Johnsen, Parrish & Maxwell.

Public Relations Committee: Merl McHenry, Chairman, J. Barth & Co.; Gerald F. Brush, Brush, Slocumb & Co.; Richard M. Davis, Davis, Skaggs & Co.; John J. Gardiner, Irving Lundborg & Co.; Albert Haas, Jr., Sutro & Co.; Edward A. White, Francis I. du Pont & Co.; Palmer York, Jr., York & Co.

Listing Committee: William D. Kilduff, Chairman, E. F. Hutton & Co.; William P. Bradford, Dean Witter & Co.; Kenneth C. Koch, Walston & Co., Inc.; Arthur R. Mejia, Harris, Upham & Co.; James L. Murphy, Reynolds & Co.; Albert E. Schwabacher, Jr., Schwabacher & Co.

Form O'Connor-Levine

WASHINGTON, D. C.—O'Connor-Levine & Co., Inc. has been formed with offices in the Investment Building to engage in a securities business. Officers are Thomas J. O'Connor, President; Clarence A. Levine, Vice-President and Treasurer; and Tony D. Pittman, Jr., Secretary. Mr. O'Connor was formerly with The Matthew Corp. Mr. Levine and Mr. Pittman were with Spector, Levine & Co.

Continued from page 3

1958 In Perspective

of data, inventory movements must be taken into consideration in understanding how we happen to be in the downward trend in which we now find ourselves. The average "questimate" is that industry has been reducing inventories at an annual rate of about $4 billion. However, only the most pessimistic believe this rate of decline will continue unless personal income falls drastically or consumers greatly alter their savings habits.

Spending in Public Sector

Federal Government spending is the most important single sector of the economy and, usually, the most predictable since budget estimates and Congressional appropriations are a matter of public record. Nevertheless, the rather tricky accounting system makes the figures tedious to use. In this regard, **net budget expenditures** have been rising for the past three years while, at the same time, **cash receipts** from the public were consistently exceeding **cash payments**. Obviously, when more money is being taken out of the economy than is being put back in, the total effect is deflationary. The current fiscal year will show a reversal of this situation with a cash deficit of some $2 billion being reported.

State and local government spending has been rising steadily since 1955 at an annual pace of about $3 billion and is expected to exceed this level in 1958. Deficit financing was checked during the past 12 months by the high interest rates which exceeded many statutory limits. The fact that this demand for funds was only deferred can be seen in the sharp jump in the municipal bond calendar of proposed new offerings now that the Federal Reserve has taken action to make the money market easier.

It does not seem to me that any of the aforementioned factors should be the cause of any great concern. All are subject to rational interpretation and the logic behind the actions taken still appears sound and reasonable. Thus, I suggest that we do not have any major skeletons in our closet as we begin the new year.

Before commenting further on the proper relationship of 1958 to the future, I would like to discharge my obligation to appraise the short run economic outlook by taking a sampling of the more widely followed industries. The assumption made throughout is that 1958, as a whole, will not show appreciable change from 1957. If you are more optimistic or more pessimistic, you may adjust the forecasts accordingly. The primary sources of these projections the government and trade publications. However, several estimates have been adjusted by the industry specialists on our staff in the Trust Investment Section at the Mercantile National Bank.

Individual Industries

The problem of estimating automobile production is particularly difficult this year because of the expiration of the 1955 labor contracts. The unions' early demands indicate a very high probability of a strike since management is already being pressed by falling profit margins. If a strike is not prolonged, output should range between 5.6 and 5.9 million units compared with 6.1 million in 1957. The difficulties here are additionally complicated by inventories which are thought to be over 30% above last year.

The steel industry will follow the automobile trend although the demand for heavy steel products will help cushion the decline. The situation should not be as bad as many news stories will undoubtedly make it appear by reporting production as a percentage of capacity. Whereas, last year's output was around 113 million tons, 1958 will probably be in the neighborhood of 105 million tons —down a little less than 10%. Steel prices are almost sure to be boosted $5 to $7 a ton.

The construction industry is anticipated to begin a comeback in 1958. Spurred by substantial increases in government spending, and higher prices, total new construction expenditures will get well past $50 billion. The most dramatic change will be seen in the highway construction category where, incidentally, road building machinery sales are expected to jump 10%. Residential construction—aided by a more plentiful supply of mortgage money, easier F.H.A. terms and significantly greater public housing outlays—should again climb back slightly over the million unit mark. Approximately 980,000 units were started in 1957.

Greatly increased military expenditures will push sales in the electronics field to a new high of around $8¼ billion, almost 15% above last year. Further development of such products as electronic computers should also to the impetus of this industry, which is already the fastest growing segment of the economy.

Chemical and allied product sales are believed to have totaled something like $24½ billion in 1957. The dollar value of the current year's output should exceed this moderately—perhaps reaching the $25 billion level. The consistent strength in this industry may be seen in the fact that capital spending in 1958 will be down only 4% compared with almost 8% for all industries. We would also be willing to wager that the chemical price index will close the year on a higher figure.

The unusual international situation last year makes the comparison of petroleum industry statistics even less meaningful than customary. In addition, weather conditions have a direct influence on consumption and prices. Assuming an "average" experience in this regard, a forecast of a fractional increase in demand above the 9½ million barrel per day rate of 1957 seems reasonable. A decline of 1 to 3% in production is almost certain as a consequence of the sharp drop in exports. The price structure here must be described as "fluid" with the odds favoring additional weakness as the year progresses.

The short-run outlook for agriculture appears typical of the economy in general. That is, some sectors are improving while others are in a downward trend. Wheat, cotton and livestock prices are expected to improve. On the other hand, feed-grain prices have been easier and will probably go lower under the pressure of increasingly large surpluses. Farm income should rise slightly as the result of more off-farm employment. However, since the prices paid by farmers for the products they consume are increasing, their relative position (as reflected by the parity ratio) will be worse.

Retail trade, excluding the automobile sector, should continue to expand at a rate approximately 3% per annum. Because the Federal Reserve System's data from the annual Survey of Consumer Finances is not yet available, we are not prepared to give projections by category (for instance, the trend of durable and non-durable good sales).

Expects Rolling Adjustment

To summarize, it seems to me that the next 12 months will be another period that may be aptly described by the phrase "rolling readjustment." Although Gross National Product will not show appreciable change, after adjustment for price variation, individual industries will again experience the widely differing tendencies which have characterized the postwar economy.

The task of putting 1958 in perspective from the long-term viewpoint, contrary to popular opinion, is less difficult and can be done with more certainty than forecasting short-term prospects. As cited earlier, this is due to the fact that here we are dealing with fundamental economic and institutional data which change very slowly.

Population growth is the most familiar of these statistics, as it should be. The figures are basic and relatively easy to analyze. The effect on the future rate of household formations of the 11 million births between 1936 and 1940 when compared with the 14 million in the 1940-45 period may be roughly estimated by merely adding 20 years to the totals. The inference of this 22% increase is evident.

The old cynicism regarding the inevitability of death and taxes appears to have expressed an universal truth. Until 1932, our government budget rose because of strict necessity. From that year on the budget has risen both because of strict necessity and also because we have considered it socially desirable. The huge backlog of needed schools, highways and other facilities plus increasing military requirements insures continuance of this trend.

Labor unions, originally organized as a countervailing power against large scale industrial technology, are now one of the dominate economic forces and must be analyzed as such. Within the next 24 months, all four of the largest union contracts will expire.

The Teamster's contract which is presently in the process of being settled will be followed by the Auto Worker's, the Steelworker's and the Trainmen's. While negotiations may well be more difficult, the odds favor the usual result.

Another institutional factor of prime importance is the inflationary bias of our economic and political policies. Although we, in this country, do not favor sharply rising prices due to the inherent inequities, we consider the alternative — falling prices — as a far worse evil. Therefore, if there is any question in the minds of our monetary and fiscal managers about the effects of a policy of restraint, the matter may be expected to be resolved in the negative.

The growth and increasing stability of many foreign markets will stimulate additional interest in international trade. Statistics are particularly difficult to interpret in light of the formation of subsidiary companies which manufacture products within the trading zone concerned. Nevertheless, sufficient information is available to indicate a rise in private foreign investment approximately 40% over the next three years.

An indirect form of capital investment, research expenditures, has only recently begun to be appreciated as a significant quantitative economic factor. In 1957, over $7 billion was spent for this purpose. By the early 60's, the annual rate will have risen to around $14 billion. To illustrate the importance of the current figure, you may note that the entire electric and gas utility industry spent only $6¼ billion for expansion last year.

Of course, the qualitative effects of scientific effort have been

understood, in chemistry at least, since World War I when many of our supplies of raw materials were temporarily lost and substitutes had to be developed. However, I suspect that only a few people today perceive the revaluation of resources and the reallocation of industry that the recent advances in science imply. Even the contemplation of the enormous investment requirements is staggering.

The first half of this century may justifiably be described as the "machine era." There is little doubt that the last half will be characterized as the "scientific era." The discovery of synthetics and the progress in medicine provided the first major indications of the course of the future. Control of atomic energy provided the second. The recent Russian success in rocketry gives us definitive confirmation.

In conclusion, it seems to me that 1958, when judged retrospectively, will be termed a year of transition. The expansion of our conventional productive base required for immediate population growth and defense needs has been completed. Consequently, the customary stresses caused by deacceleration such as rising unemployment, inventory liquidation and acute competition will be reflected in the current year's business statistics.

However, even a superficial survey of the most obvious longer run trends yields conclusive evidence that we are about to enter one of the most dynamic periods in our history. Public expenditures for defense needs and for domestic projects, particularly for schools and highways, will continue to rise sharply. Our institutional bias toward inflation will become more pronounced as the fear of recession pushes political thought further toward the "liberal" side. And most significantly, the increasing rate of the scientific discovery will almost certainly result in a new cycle of capital spending as technological obsolescence necessitates the reconstruction of vast areas of our present productive capacity.

St. Louis Clearing House Elects

ST. LOUIS, Mo. — James P. Hickok, President of First National Bank in St. Louis, has been elected President of the St. Louis Clearing House Association to succeed Arthur L. Locatell, Chairman of the Board of the Tower Grove Bank and Trust Company, who served as President in 1956 and 1957.

Harry F. Harrington, President of the Boatmen's National Bank of St. Louis, was elected Vice-President of the Association, and Miss Rosina M. Huck was re-elected manager.

With du Pont, Homsey

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Berton M. Krinsky is now connected with du Pont, Homsey & Company, 31 Milk Street, members of the New York and Boston Stock Exchanges.

With Pain, Webber

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — John K. Beeten has become connected with Pain, Webber, Jackson & Curtis, 24 Federal Street.

With Rockland-Atlas

BOSTON, Mass.—John K. MacDonald is with the Rockland-Atlas National Bank of Boston, 30 Congress Street. He was formerly with Coffin & Burr, Incorporated.

Joins Ira Haupt Staff

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—David B. Bluford has joined the staff of Ira Haupt & Co., 141 West Boulevard.

Continued from page 21

News About Banks and Bankers

their common capital stock from $1,200,000 to $1,320,000 by a stock dividend effective Jan. 21. (Number of shares outstanding—13,200 shares, par value $100.)

* * *

The common capital stock of **The First National Bank of Danville, Ill.**, was increased from $480,000 to $600,000 by a stock dividend effective Jan. 22. (Number of shares outstanding — 6,000 shares, par value $100.)

* * *

La Salle National Bank, La Salle, Ill., increased its common capital stock from $200,000 to $400,000 by a stock dividend effective Jan. 22. (Number of shares outstanding — 20,000 shares, par value $20.)

* * *

By a stock dividend, the **First National Bank of Flora, Ill.**, increased its common capital stock from $100,000 to $200,000 effective Jan. 22. (Number of shares outstanding—2,000 shares, par value $100.)

* * *

Three new members were elected to the Board of Directors of **The Michigan Bank, Detroit, Mich.**, according to an announcement by John C. Hay, President.

Bruce R. Benway, Harry L. Haulman and Stanford C. Stoddard were named to the Board.

Following the stockholders meeting the new board met and promoted Stanford C. Stoddard to Vice-President of the Bank. He previously served as Assistant Vice-President.

Mr. Benway is Vice-President and Cashier, while Haulman is Vice-President of the Michigan Bank.

* * *

The First National Bank of Baraboo, Wis., changed its title to **the First National Bank and Trust Company of Baraboo.**

* * *

By a stock dividend the **Fergus Falls National Bank and Trust Company, Fergus Falls, Minn.**, increased its common capital stock from $100,000 to $200,000 effective Jan. 21. (Number of shares outstanding—2,000 shares, par value $100.)

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The common capital stock of **The Commercial National Bank of Grand Island, Neb.**, was increased from $150,000 to $300,000 by a stock dividend effective Jan. 23. (Number of shares outstanding—15,000 shares, par value $20.)

* * *

By a stock dividend, **The Central National Bank of Columbus, Neb.**, increased its common capital stock from $100,000 to $250,000 effective Jan. 24. (Number of shares outstanding — 2,500 shares, par value $100.)

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The common capital stock of **The First National Bank of Chanute, Kan.**, was increased from $100,000 to $200,000 by a stock dividend effective Jan. 24. (Number of shares outstanding—10,000 shares, par value $20.)

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By a stock dividend **The First National Bank of Newport, Ark.**, increased its common capital stock from $100,000 to $200,000 effective Jan. 23. (Number of shares outstanding—8,000 shares, par value $25.)

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The Hamilton National Bank of Chattanooga, Tenn., increased its common capital stock from $2,500,000 to $3,000,000 by a stock dividend effective Jan. 20. (Number of shares outstanding—150,000 shares, par value $20.)

* * *

National Bank of Wilson, N. C., increased its common capital stock from $200,000 to $400,000 by a stock dividend effective Jan. 21. (Number of shares outstanding—80,000 shares, par value $5.)

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The common capital stock of **The Guilford National Bank of Greensboro, N. C.**, was increased from $500,000 to $1,000,000 by a stock dividend effective Jan. 22. (Number of shares outstanding —200,000 shares, par value $5.)

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The First National Bank of Dalton, Ga., increased its common capital stock from $100,000 to $300,000 by a stock dividend effective Jan. 24. (Number of shares outstanding — 3,000 shares, par value $100.)

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The common capital stock of the **Birmingham Trust National Bank, Birmingham, Ala.**, was increased from $2,500,000 to $3,000,000 by a stock dividend effective Jan. 20. (Number of shares outstanding — 300,000 shares, par value $10.)

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The common capital of **The Anniston National Bank, Anniston, Ala.**, was increased from $500,000 to $600,000 by a stock dividend effective Jan. 24. (Number of shares outstanding—60,000 shares, par value $10.)

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The common capital stock of the **First National Bank of Jasper, Ala.**, was increased from $150,000 to $300,000 by a stock dividend effective Jan. 22. (Number of shares outstanding—30,000 shares, par value $10.)

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By a stock dividend, the common capital stock of the **First National Bank of Lake Charles, La.**, was increased from $200,000 to $500,000 effective Jan. 21. (Number of shares outstanding—2,000 shares, par value $25.)

* * *

The Ouachita National Bank in Monroe, La., increased its common capital stock from $1,100,000 to $1,250,000 by stock dividend effective Jan. 22. (Number of shares outstanding — 62,500 shares, par value $20.)

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By a stock dividend, the **Merchants National Bank of Port Arthur, Texas**, increased its common capital stock from $600,000 to $700,000 effective Jan. 22. (Number of shares outstanding 70,000 shares, par value $10.)

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The common capital stock of **The National Bank of Commerce of Houston, Texas**, was increased from $10,000,000 to $11,000,000 by a stock dividend effective Jan. 20. (Number of shares outstanding — 550,000 shares, par value $20.)

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By a stock dividend, the common capital stock of **The National Bank of Commerce of Dallas, Texas**, was increased from $150,000 to $300,000 effective Jan. 22. (Number of shares outstanding — 3,000 shares, par value $100.)

* * *

By a stock dividend the **First National Bank in Pampa, Texas**, increased its common capital stock from $300,000 to $400,000 effective Jan. 22. (Number of shares outstanding—4,000 shares, par value $100.)

* * *

The common capital stock of the **Texarkana National Bank, Texarkana, Texas**, was increased from $500,000 to $750,000 by a stock dividend effective Jan. 21. (Number of shares outstanding 75,000 shares, par value $10.)

* * *

The First National Bank in Walsenburg, Walsenburg, Colo., was issued a charter by the Office of Comptroller of the Currency to open a new bank. R. A. Babcock is President and F. C. Unfug is Cashier. The capital is $100,000 and the surplus is $150,000.

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By a stock dividend, the common capital stock of **The Exchange National Bank of Colorado Springs, Colo.**, was increased from $300,000 to $600,000 effective Jan. 23. (Number of shares outstanding—30,000 shares, par value $20.)

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By a stock dividend, the common capital stock of **The Greeley National Bank, Greeley, Colo.**, was increased from $400,000 to $500,000 effective Jan. 23. (Number of shares outstanding—50,000 shares, par value $10.)

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By a stock dividend **The First National Bank of Kalispell, Mont.**, increased its common capital stock from $200,000 to $300,000 effective Jan. 24. (Number of shares outstanding—3,000 shares, par value $100.)

* * *

The Baker-Boyer National Bank of Walla Walla, Wash., increased its common capital stock from $500,000 to $600,000 by a stock dividend effective Jan. 2. (Number of shares outstanding — 12,000 shares, par value $50.)

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Jose Ramon Noguera, Secretary of the Treasury of the Commonwealth of Puerto Rico, has been elected Chairman of the **Government Development Bank for Puerto Rico.**

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Joins Leward M. Lister

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Robert J. Cogan has become associated with Leward M. Lister & Co., 80 Federal Street.

Howard Opens Office

SHREVEPORT, La.—Jerome B. Howard is engaging in a securities business from offices in the Johnson Building. He was formerly an officer of Joel H. Clark & Associates.

Philip Newman Assoc.

Philip Newman Associates has been formed with offices at 50 Broadway, New York City to engage in a securities business. Officers are Philip Newman, President; Julie Newman, Vice-President; and Allan D. Newman, Secretary-Treasurer.

Detroit Stock Exchange Annual Dinner

DETROIT, Mich. — The Annual Dinner of the Detroit Stock Exchange will be held at the Statler Hilton Thursday evening, Feb. 27. Officials of corporations whose stocks are traded on the local board, banking executives, heads of the regulatory bodies and civic leaders will be honored.

Dr. Kenneth McFarland, a guest lecturer for General Motors Corporation is addressing the meeting. Active in the National Sales Executive Club, that organization named Dr. McFarland America's Outstanding Salesman for 1957. In a survey conducted by the United States Chamber of Commerce, he was named "America's Number One Speaker."

An overflow audience is expected.

Sade to Admit

WASHINGTON, D. S.—Horace K. Whalen will become a limited partner in Sade & Co., Investment Building, members of the New York Stock Exchange, on Feb. 13.

Solomon, Ratchick Admits

Solomon, Ratchick & Frumkes, 120 Broadway, New York City, members of the New York Stock Exchange, will admit Irving Swift to partnership Feb. 13.

On the same date Jack L. Solomon will retire from general partnership, and Elsie Swift, Beverly A. Lazarus and Ruth Solomon will withdraw from limited partnership in the firm.

F. J. Mitchell Opens

(Special to THE FINANCIAL CHRONICLE)

NEWPORT BEACH, Calif.—Francis J. Mitchell is conducting a securities business from offices at 1945 Teresita Lane. He was previously with Dempsey-Tegeler & Co.

J. H. Doyle Opens

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—John H. Doyle is conducting a securities business from offices at 2165 South Yates Street. He was formerly with Hathaway Investment Corp.

Savings Banks' Assets Exceed $35 Billion

Deposit gain during December, 1957, was greatest since 1947 for mutual savings banks, and assets reached a new high. Deposits for 1957, however, was 10% below 1956, and mortgages added dropped behind 1956.

For the first time in their history of nearly a century and a half, the assets of the nation's 523 mutual savings banks topped $35,000,000,000 at the close of 1957, reaching $35,218,000,000 on Dec. 31, according to a report released Jan. 31 in New York City by Charles J. Lyon, President of the National Association of Mutual Savings Banks and President, Society for Savings, Hartford, Conn.

The deposit gain of $403,000,000 during December was the greatest for that month since compilation of monthly figures began in 1947. This was the third month in 1957 in which deposits showed a larger gain than they did in the corresponding month of 1956. An important factor in the gain was the net new money received from depositors in contrast to interest-dividends credited to their accounts. December was the first month in 1957 that the gain over the same month a year before in amounts deposited in regular accounts was significantly greater—4.4%—than the increase in withdrawals—1.1%.

Reflecting the lag in earlier months in deposit gains, over the full year the total deposit increase of $1,660,000,000 in 1957 was 10% below that of $1,844,000,000 in 1956. Withdrawals from regular accounts were up 5.7% from the 1956 level, while amounts deposited were 1.7% higher. Total deposits now aggregate $31,686,000,000. During the year the banks gained 338,000 accounts for a total of 21,720,000 at the year-end, as compared with 381,000 accounts gained in 1956.

Except for the seasonal rise in cash of $137,000,000, portfolio policy in December followed the pattern of recent months. Mortgages rose $128,000,000 and corporate securities $65,000,000, while U. S. Government securities fell $12,000,000 and municipals $11,000,000.

Over the year, the savings banks added $1,409,000,000 of mortgages, in contrast to $2,280,000,000 in 1956. Holdings of corporate securities increased $798,000,000 in 1957 as compared to $184,000,000 in 1956, while U. S. governments declined $405,000,000 and $481,000,000 respectively. At the close of 1957 mortgage holdings of $21,000,000,000 equalled 59.5% of assets, in contrast to 58.6% a year earlier. Holdings of U. S. Government securities of $7,578,000,000 were down to 21.5% of assets from 23.9% at the end of 1956.

Continued from first page

Stock Market Prospects

in hand, production schedules could increase, employment may rise in these specialized sectors and more materials are ordered from suppliers. Such developments usually provide a stimulant before "expenditures," as such, actually are made by the Government. (The increase in defense expenditures will go primarily to certain specialized companies—a large part of which will be allocated for research and development on intricate new missiles and weapons, rather than military "hardware." Due to the longer term nature of some Government contracts on major projects, *actual* Government "expenditures" in the 1959 fiscal year are budgeted for an increase of $1.4 billion, contrasted with a gain of $3 billion in "Obligation Authority.")

(2) *Credit moves by the Federal Reserve Board:* The reduction in the discount rate, designed to make money cheaper, had its first impact on bonds and fixed income securities. The move is designed to stimulate borrowing. Probably the next step in the offing would be to make credit more plentiful—through (a) open market operations to increase bank reserves, and (b) the reduction of commercial bank reserve requirements. Making credit both cheaper and more plentiful is the device used in the past to counteract and possibly reverse an economic downtrend. (Usually, there is a considerable time lag before such changes become effective. The reasons are (a) since business and profits are trending lower, the urge and need for loans to expand inventories and plant, etc., are absent; (b) since money is borrowed by business as the tool to expand and handle larger volume and increase profits, the demand for loans diminishes when demand for products is declining and profit margins are narrowing; (c) overcapacity is currently a problem in many major industries.)

(3) Increased spending by State and local governments is also expected to act as an offset to lower private spending.

(4) Taxes may be reduced (but only when economy deteriorates further).

These considerations, combined with utterances of optimism from both Government and corporate officials, generally looking for at worst a moderate first half of lower economic activity with an upturn in the offing have recently had the desired effect of bringing about an improved market sentiment.

Compares Recession Periods

From the standpoint of historical precedent, the present corrective period is being likened mostly to the 1949 and 1953-54 readjustment periods. One important difference between the present economic correction, and those two earlier postwar periods, lies chiefly in monetary and credit factors, principally "liquidity."

In 1949 the money supply was 66% of Gross National Product; in 1954 it was 58%, and has now declined to 50%. As "money supply" lessened in relation to the total output of goods and services, the velocity, or use of available money, increased to make up for the deficiency. The velocity of money (banks in six major cities, excluding New York) was 20.9 times in 1949 and 25.8 times in 1954. The turnover increased to about 31 during 1957, reflecting the greater need for funds and the restricted supply.

Bank loans of Federal Reserve System member banks in 1949 were 29% of deposits; in 1954 they were 38%, while recently loans had risen to a high 50% of total deposits.

Total private debt creation had been a strong factor in stimulating "boom" economic conditions in the past few years. Private net debt outstanding had expanded faster than the total output of goods and services (Gross National Product). Total private debt in 1949 was 82% of GNP; in 1954 it was 95%, and by 1956, it had risen to over 100%. It was apparent that not only current income but more and more of future income was being spent.

The total debt of individuals—reflecting their aggressive borrowings—advanced considerably faster than their incomes. In 1949 the total debt of individuals represented 50% of disposable personal income; in 1954, it was 65%, and by 1956 it had reached a new peak of 72%.

Total consumer credit outstanding, since 1949, has increased from about $17 billion to a new record of about $43 billion. This amount of consumer debt was 9.2% of disposable personal income in 1949; 12.6% in 1954, and is at a record of over 14% at the present time.

Repayments on instalment loans have been absorbing a larger part of the current incomes of individuals. The December Federal Reserve Bulletin reported that monthly *repayments* on instalment debts currently amount to more than 13% of disposable personal income as compared with a prewar high of 10%. It was estimated that more than 50% of all families were making payments on instalment debts and that such payments frequently amounted to more than 20% of their incomes.

These credit and debt factors may loom larger in determining the extent of the present economic readjustment period than in the earlier postwar years, when the underlying credit situation was on a healthier basis and over-capacity in some major industries had not reached the proportions existing today. In any event, these considerations are of importance when comparing the present situation with the earlier 1949 and 1953-54 periods of postwar economic correction.

Underlying Inflation

With these underlying credit maladjustments still existing, clues to the policy of the Federal Reserve Board are being carefully watched. To date, the reductions in the discount rate have not yet been accompanied by any important moves to increase bank reserves through (a) open market operations, or (b) the major action of reducing reserve requirements. It is believed that should the economy deteriorate further, or give more evidence of doing so, the necessary moves to expand the money supply will be made.

Secretary Anderson has also indicated that a tax reduction would be considered should economic conditions necessitate a further "shot in the arm." These factors bring up again the theory of underlying "inflation" which concerns the political expediency of turning to the usual monetary machinations in attempting to alleviate and shorten the recurring periods of recession and unemployment. In other words, an administration holding office would not find it politically feasible to allow the development of a recession and unemployment without taking strong counter measures. Thus, whenever recessionary signs become increasingly evident, it would be necessary to increase the money supply—via Federel Reserve Board action, increased Government spending, and possible tax reduction—to again promote rising economic activity, even if such moves compound the economic maladjustments already existing. Briefly, with such a policy, sound economic principles, when they conflict seriously with political considerations, must bow in favor of monetary stimulants. The continued repetition of such a policy would be conducive to a secular trend toward underlying inflation.

Since it can be seen that the pattern of Government and Federal Reserve policies is again developing along these lines, the stock market probably is reflecting to some degree the anticipation of this longer range prospect. This is suggested by the recent performance of the market in holding around the recovery highs in the face of less favorable current and nearer-term developments.

The Picture Now

Roughly balancing the prospective economic influences against each other, the picture looks like this:

(1) Federal Defense expenditures at most should be up about $2 billion.

(2) State and local spending is increasing. Such expenditures in 1957 increased $3 billion (from $33 billion to $36 billion). The estimate for 1958 is an increase of about $1.5 billion (to $37.5 billion).

(3) Thus, we have the prospect of a total $3.5 billion increase in Federal defense spending and local and state expenditures. Contrasting with this is (a) possibly as much as a $4 billion decline in private capital expenditures for plant and equipment; (b) a slump of perhaps $1\frac{1}{2}$ to $2 billion in exports; (c) further inventory reductions of $1 billion; (d) such intangibles as to whether declining profits will affect adversely the confidence of business management while also to be tested is whether growing unemployment will influence consumer buying.

(4) Total net corporate profits—around $20 billion for 1957—are likely to drop to an interim annual rate of about $17 billion for the first quarter of 1958.

Market Reflects Future Expectations

The somewhat improved sentiment now prevailing, based largely on intangibles and hopes—such as anticipated success of Government spending and credit moves—may carry further, or until such beliefs are tested more thoroughly by a continued lower level of business and the later impact of unfavorable corporate earnings reports. In other words, it is the inherent tendency of the market to reflect not the conditions currently prevailing but the anticipated conditions which presumably can be foreseen somewhere in the future. Should the market be held at an unwarranted price level over a period of time, and then have the hopes dashed by the failure of such hopes to materialize, the second leg of the present bear market would doubtless arrive with a thud.

Price-Earnings Ratio

Around 451, the Dow Jones Industrial Averages are still selling at 13 times probable 1957 earnings of about $35.00 per share. If allowance is made for the current downward trend of interim profits, the first quarter of 1958 may run at an annual rate of between $32-$33 per share. On this basis the "Averages" are currently selling around 13.5 to 14.0 times this interim earnings rate.

The average ratio for the past ten years is only 10.4 times and the last five years average is 12.1 times. During the market and economic readjustment period of 1949, the price-earnings ratio was 6.9 times to 8.5 times and in 1953, 9.4 to 10.8 times.

Obviously, there is no cut and dried rule for determining just where the market should sell relative to earnings at any given time. Yet, it can be recognized that the present price-earnings relationship of $13\frac{1}{2}$ to 14 times may not be categorically designated as a sufficiently low relationship whereby it can be assumed the worst is already being fully discounted—particularly if an economic upturn is delayed beyond the nearer term prospect more generally envisioned.

Summary

Market policy, I believe, should be predicated on these probabilities:

(1) Nearer-term psychological and technical market factors may hold the market for awhile longer, or extend the recovery moderately further, from the present price level.

(2) Certain selected equity issues (listed below) already well depressed marketwise, may be considered for purchase with a view toward averaging on a scale downward.

(3) Further general market recovery from present level should continue to be viewed as an extension of an intermediate movement, and

(4) Sufficient reserve buying power should be maintained on the expectation that the primary downtrend is not yet completed.

Among the issues considered attractive at present market levels are the following:

Allegheny Ludlum Steel Corp.
Amerada Petroleum Corp.
Babcock & Wilcox Company.
General Motors Corporation.
International Nickel.
Louisiana Land & Exploration.
Monsanto Chemical.
G. C. Murphy Company.
Reynolds Metals Company.
St. Regis Paper Company.

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a more accurate measurement of economic activity than the automotive industry, because steel is a basic commodity that has an impact on the total economy.

The electric appliance industries are operating below 60%. They make washing machines, electric ranges, refrigerators, deep freezes, electric sweepers.

Is the problem that every housewife in America, every home, every house has all the refrigerators and deep freezes and electric ranges and sweepers and all the other home appliances she needs? You know and I know that the answer is emphatically no, that millions and millions and millions of homes in America, in the age when we know how to split the atom, lack these basic things that are related to a decent standard of living.

Lack of Purchasing Power

The problem is that millions of families lack the purchasing power needed in order to translate need into demand. Need will not provide customers. The need is there. It takes purchasing power in the pockets of families with need to translate need into customers. That's why we have been trying to get people to understand it.

It is simple A, B, C economics. I tried it on my 11-year old daughter the other day. She understood it. I hope to God we can get General Motors to understand it. It is so simple.

You know, if you took a group of monkeys and put them on Belle Island in Detroit, and if you could grow banana trees and coconut trees on Belle Isle, you would have to do a lot of work re-educating those monkeys to get them to go hungry because there were too many bananas hanging in the trees. Yet that is precisely what we have been doing.

We have been denying millions and millions and millions of American families the higher living standards, the greater security, the greater measure of human dignity, that our economy would make possible if we could achieve a dynamic, expanding balance between greater productive power matched by higher purchasing power, each time a balance on a higher economic plateau, that would mean higher living standards for all of the people of our great countries.

But, unfortunately, the powers that be, the men, the little men, of big business who control the great corporations of America and who control governmental policies, keep taking unto themselves so much of the wealth that our economy creates that they put in jeopardy the well-being of everyone. You know, you would think they would have learned from 1929.

I had a little research project one time and I tried to find out what the ratio of millionaires was to working people in terms of how many jumped out of the high-story buildings and committed suicide during the depression. Do you know that there were over 1,000% more bankers and businessmen who committed suicide than workers? Well, the worker didn't have much to lose, so when he lost it he still was able to go on.

But these guys, they not only put in jeopardy the well-being of the great mass of people, but ultimately they put into jeopardy the whole economy and their well-being as well.

Achieving Economic Utopia

We are really trying to get them to act responsibly as a matter of enlightened self-interest, because unless they help solve these problems the will be in trouble and America will be in trouble and the free world will be in trouble. We have been trying to drive this point home: How can we achieve a full employment, full production economy in which the tools of economic abundance will be fully mobilized and in which we can go forward together and translate higher production into high living standards?

Here is what has happened in the last four years in terms of the American economy. We have lost $96,000,000,000 in four years of gross national products that we could have enjoyed if we had had full employment and full production. I broke it down, beacuse when you talk about $96,000,000,000 that is so much money that you and I can't comprehend it. But look what it would have done had we had full employment and full production.

Every American, every wage earner, every office worker, even the share-croppers in the South who get less than $1,000 cash income in the whole year—every American family could have had $1,970 more purchasing power of income. Another way of measuring it is that if we had had that $96,000,000,000 we could have built three and a half million $10,000 homes. We could have built 400,000 hospital beds, fully equipped, or we could have built 600,000 classrooms fully equipped. We could have doubled the social security bentfits of the 9,200,000 people currently on social security. We wasted that. It is gone forever. You can't put an unemployed worker in a deep freeze and say his lost man hours and lost production can be preserved for future use. We wasted $96,000,000,000 in higher living standards that otherwise we could have had.

Maximize Purchasing Power

When we got to the bargaining table we are not talking about our problems in a little narrow test tube. We are talking about our problems in the context of the needs of the whole society, in the context of how we as a part of America can find a way to release the productive capacity of America and realize this potential

abundance which we are losing. That is why we believe that as we go to the bargaining table we need to try to find the most effective means by which we can maximize purchasing power. The two ways to do that are to give the working people more income and to cut the prices of goods so that that greater income will buy more of the goods and therefore contribute toward the re-establishment of a balance in our economic system.

Maximum purchasing power is both the key to our economic future and the key to getting the unemployed back to work, because only as we produce this $96 billion and share it will there be jobs in the factories of America essential to create this greater wealth in our gross national products.

It is also the keynote to meeting the problem of these totally unemployed. We have a problem there and Brother Woodcock later on can give some of the practical statistics where hundreds and thousands of our members have been working three and four days a week month after month. We want to meet that problem because that also means a serious loss of purchasing power. Only as we mobilize this productive capacity can we overcome our serious lag on the educational and scientific fronts and be in the kind of strong position necessary to meet the challenge on the world front.

I can understand that there can be differences as to how we might best do this job. We are going to discuss that here. But the Executive Board has attempted to approach this problem and we gave it serious and careful study, because we believe that the contribution that we can make, while it cannot solve all of the problems of America, can go a long way toward getting America to move in the right direction.

Obtaining Key Action

We have got to demand prompt, effective and realistic action on the part of the government. We have an appropriate resolution which the Resolutions Committee has processed and which will be brought forth for your consideration.

What we have to do at the bargaining table is to try to do everything possible to maximize the possibility of creating as much increase in purchasing power in the hands of the unemployed, in the hands of the partially unemployed, in the hands of workers still working and in the hands of consumers as possible. That is the key and this is really why we have arrived at our conclusions.

I think we all can agree that the discussion should not be in the area of one fellow being more concerned with the unemployed than the other fellow. Everybody is concerned. Nothing is more tragic than a worker being denied employment opportunities and his children suffering. We know that there are tens and tens of thousands of our members who have been victimized by both lay-offs and short work weeks. So this is not a matter of whether you are for the unemployed and the other fellow is against the unemployed. This is a matter of sitting down and thinking this through with your head and determining how we can get the most in terms of greater purchasing power, how we can help the unemployed, how we can help the employed and how we can help everybody.

What will be decisive is the total combination of purchasing power that we get together, because in the final analysis you will never solve the problem of unemployment excepting as you re-create the balance in the economy which is the key to the realization of this greater productivity and the employment that will flow from that greater productivity.

This was our practical problem. We can all agree that in collective bargaining the transition from theory to practice is very abrupt. You can have a perfect theoretical position and then you go to the bargaining table and the boss says no. That is the end of the theory, and then you are up against the practical aspects of it.

We have a problem. It is a serious tactical problem and tactics and timing in collective bargaining are decisive. Collective bargaining takes place in the real world where these factors that affect the decisions have to be looked at sanely and sensibly. They have to be evaluated and then you make a decision. That is what we have been trying to do.

I think we need to understand that we are going to the bargaining table at a time when there are many negative factors that complicate our problems. This does not mean we ought to say, "Well, we ought to quit; we can't make any progress." We have always made progress in the face of adversity, but it does mean that we need to recognize the problems and try to get ourselves in the strongest possible tactical position.

When I say tactical position I don't mean going through a fancy public relations maneuver. I mean getting ourselves in the strongest tactical position based upon sound economics and based upon the kind of public position that we can stand and defend before the people of the United States and Canada. That is what we have tried to do.

Reuther's Prescription

Our economy is in trouble. Unemployment is increasing. The only way we can solve that is to get tremendous increases in purchasing power, higher income for workers, lower prices for consumers.

At the very time when we need to push ahead to get that great increase in purchasing power is the very time when the public climate, when the fear and the uncertainty about the world situation, about inflation and our domestic problems, create the kind of climate that big business can exploit and use against us as we push forward at the bargaining table. This means that we have to recognize these factors and try to formulate an aproach which still gets us to where we have to go, which makes it possible to make the most progress in expanding purchasing power, but do it under circumstances where we can meet their vicious propaganda. That's precisely why we have proposed a very unusual approach. But these are unusual times and the problems that we are dealing with are unusual.

We propose a two package approach.

Higher Productivity Escalator

The first package that we have suggested is a basic minimum economic package, based upon an accurate measurement of the improvement in the level of productivity, not in the automotive industry, not in the aircraft industry or the agricultural implement industry, but in the economy as a whole, based upon full employment conditions. This we believe represents the minimum economic progress to which every wage earner, no matter where he works, is entitled to, because it is based upon the over-all increase in productivity in the total economy.

We know that and we have had a $2\frac{1}{2}\%$ productivity factor, which we know is too low. It is based on the last 50 years, starting with '48 going back 50 years, back through William McKinley, back through depressions and wars.

The BLS recently came up with a figure since the end of World War II of 3.9% increase in productivity in the total economy. That, also, is too low, because it has got the Korean War in there, it has got the '54 recession, and that, also, does not represent the equity that we are entitled to. In the automotive industry, let's look and see what has happened.

Sixty-four per cent is the increase in productivity for the period 1940 through '56 in the whole economy. Now, how much of that did we pick up?

We picked up roughly 27.7% in wages. We picked up the balance there that is in those lines in fringe benefits. But we are still shy somewhere around 30 cents, because we have not been getting our equity.

If we had been getting more than our equity, then the charge that our wage demands and fringe benefits were inflationary might have been true. But we have been getting less; therefore, that is obviously false.

What we propose is that in the minimum economic package we have a general wage demand, wage increases, based upon the increase in productivity measured upon full employment conditions.

GAW and Other Fringe Increases

Secondly, the adjustment and the wiping out of wage inequities in production and skilled trades in all classifications.

Thirdly improvements in the SUB. We claim that the SUB benefits were very much over-funded with the five cents. We knew that when we took the package in '55, but we were pioneering and we had no experience data, so we took that because we were getting our foot in the door on a principle.

We are now prepared to fight to take the SUB principle, GAW principle, and implement it in two important areas.

We want to provide the laid off worker and his family the equivalent of 80% of take-home pay.

We want to meet the problem of the short work week. Thousands of our member are working three days a week. We want to plug the fourth day and we want to plug the fifth day so that their purchasing power will also be protected.

We believe that most of that can be done out of the nickel, but we are prepared to put additional money in that if necessary.

We also are going to demand that in Ohio, Indiana, and other states where reactionary politicians have blocked the implementation of the SUB plan, that the workers in these states get their full equity by the company paying that equity out of the fund themselves.

We want to improve the level of pension benefits. We think it ought to go from 2.25 to 2.75 per month per years of service in terms of the credits.

We want to improve the early retirement benefits. This can be important in trying to get people relief and in creating more jobs for young people.

We want to improve our vesting rights. We want to build in a cost of living clause to protect the purchasing power of the pension benefits for our retired workers.

And finally on pensions we want to get the right to have a voice in the investment under proper and safe conditions of a portion of the pension fund in projects that will help the workers to whom these funds belong. There are now almost a billion dollars in the Ford, GM and Chrysler pension funds, in combination. We tried to get money to build workers housing in Detroit. We could not get one red cent out of the workers' own pension funds to build workers' housing in the centers where workers lived.

Managing Pension Portfolio

Then we find a real fancy booklet put out by a speculator building company showing fancy luxury apartments financed by the pension plans of Ford and GM workers—fancy office buildings going up on which people can make a nice return financed by the pension dollars of Ford, GM and Chrysler workers. We say that that money belongs to the workers and the should have a right to use it to build housing for themselves, medical facilities and other things in the community in which they live. We think that that has got to be one of our top demands.

In the field of hospital-medical care our problem is not so much in getting more money. Our problem is getting our money's worth. We have been bargaining for the medical profession. Every time we get more money at the bargaining table the income of doctors goes up. We don't mind if it goes up a little bit, but when we get 20% of our bargaining dollar and the medical profession gets 80% we think the ratio is out of joint and we would like to get it back into some kind of balance.

So here the problem basically is to find a way to get the kind of medical care so that workers and their families can get more and are spent.

Now, these basic demands we better care for the moneys that can defend as non-inflationary. The wage demand is based upon an accurate measurement of increased productivity; the SUB largely out of the five cents that is already there, the pension improvements out of some of the catch-up money that we have been shortchanged on. Since the retired workers worked during the period when they were being shortchanged we want some of the catch-up money that is coming to them.

Now, this is our basic economic package as we recommend it. We also recommend as a part of this proposal that we implement the five point program relating to the movement and decentralization of factories. The workers in Detroit have experienced this tragic problem when the employer packs up and moves out.

Why Plants Move

And when reactionaries, as Senator Goldwater, says it is because of a bad political climate in Michigan because of the UAW and Governor Williams he lies when he says that. He knows that when a company moves closer to markets that has nothing to do with the political climate of Michigan. How does Senator Goldwater explain to the Evansville Chrysler workers in Indiana, where the state blocked the implementation of SUB, where they have the right-to-work law, where they have got all the favorable Republican climate — how does Senator Goldwater explain the fact that the Evansville Chrysler Plant is moving out of that favorable Republican climate over into the unfavorable Democratic political climate in St. Louis? How does he explain that?

It is simple if you are logical. Why did the Chrysler Corporation open up a plant in Delaware? Because one of the biggest and newest markets for Plymouth is on the East Coast. General Motors and Ford both had assembly plants on the East Coast and Chrysler didn't. It had nothing to do with the political climate in Michigan.

But when a company moves I think it is about time we say to them that, "When you move the machinery you pay for the cost of that machinery being moved. That is a legitimate proper cost to be charged against the operation of the business. And if moving the machinery is a proper cost then you are going to pay the worker when he has to move his family and sell his house and buy a new house in the new community."

And if a worker is along in years and he has got deep family roots in the community, or for some other reason he doesn't want to follow that job, we want an adequate severance pay arrangement so that he gets a severance pay to tide him over in the community in which he is left behind.

We also want the setting up of a practical functioning labor-management committee to deal with the many complex problems of automation, wages, seniority, scheduling — problems of older workers and many other problems. We would believe that this committee could prepare to implement the shorter work week whenever workers felt on an orderly approach they wanted to divert monies into a supplementary package for that purpose.

We are concerned about making progress and the concern of the unemployed; but we think with the approach that we are making we will be in a stronger position to achieve more, and out of that greater achievement the unemployed will get more security and will get back to work quicker than the other approach.

Now, in January, the President of our great country issued his economic report of the President of the United States. He said in that report that labor and management have to show a great deal of restraint in terms of the wage and pricing policies.

We agree with that. We are trying to implement in a practical way the basic philosophy set forward in the President's report.

But unfortunately, despite our sincere efforts to implement this policy, our efforts are going to be distorted, they are going to be misrepresented, and the big corporations with the help of the American newspapers and the radio and television are going to try to make the American people believe that we are brushing aside our responsibilities to the country and that we are just driving ahead to get more and more as an economic pressure group.

Charges Unfair Press Treatment

Here is a good example of what can happen.

Here is the New York "Times"—on the whole perhaps one of the greatest newspapers in the world. Even they sometimes don't give us a fair break. But more often they do report the news accurately. On Jan. 21, 1958 they report here what the President said in this booklet on the matter of wages and prices. The headline says, "President Asks Restraint on Price and Wage Rise; Sees Recession End Soon."

The President said to both labor and managment, "Meet your responsibilities."

What did the "Detroit News" do with the story? It is the same President saying the same thing on the same date, Tuesday, Jan. 21: "**Ike Warns on Pay Rise.**" There is nothing about prices.

Here is the "Free Press" on the same date as the "New York Times," Jan. 21: "**Cease Pay Hike Peril.**" There is nothing about prices.

As we get closer to the bargaining table, the wheels of propaganda will begin to turn on a swingshift basis and they will try to corrupt the public climate into believing that we are just demanding more and more without any concern for the economic facts.

That is why we think we need to get into a position where we can stand before all the people of this country, before all the people of the world, and we say that our demands are economically sound and morally right because they are socially responsible. They are not the demands of an arbitrary pressure group. They represent the economic realities of the needs of the whole nation in the light of our serious economic difficulty and growing unemployment.

So we can say to the people of America we are asking for two packages. One package is a reasonably small, minimum package. It can be paid based on the increase in productivity.

Even Mr. Curtice doesn't challenge our right to have increased

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productivity improvements. So the first package can be defended.

But, we say, that minimum package doesn't reflect our equity. We are going to insist that we get our whole equity but we will defer the realization of the balance of our equity until the end of the year. After the consumer has paid his price, after the corporation has paid its wage bill, after it has met all of its operation costs, we then want the balance of our equity after the company knows what profits it has made and we want it out of the profits because no one can say that is inflationary. We want not only our share, but we recommend most strongly that the consumer get his equity at the same time.

Demands Profit Sharing

We are for the consumer sharing in this equity as a matter of sound economics because only as we expand consumer power with higher income to workers and lower prices to consumers, can we correct this imbalance. Only then can we get the unemployed back to work, get the American economy in high gear making the things we need in America, making the things we need to make the free world strong.

So, we say at the end of the year, after you have the costs, after what you do with your profits can have no impact upon the price structure, we want our equity.

When we talked about reducing prices some months back $100 on the '58 models, one of the arguments that they used—they used many arguments that made no sense at all, but one that they used that had a measure of common sense was, if you cut the price of a car at the beginning of the model year before you know its impact upon the profit position of the company, how do you know what is going to happen?

Well, we said, "Based upon what you have been doing in the past, that's a pretty good barometer."

But they could argue with some little logic that you couldn't know it for certain.

Now, you give the consumer his rebate at the end of the year after you know your profit position.

Well, Senator Goldwater has said that if a company offers the workers a profit-sharing plan, that's wonderful, that's in keeping with the highest traditions of free enterprise, but if the union speaking for the workers asks for it at the bargaining table, that's a socialistic conspiracy.

Well, I haven't seen what "Pravda" has said, but I would not be surprised if "Pravda," the official paper of the Communists and the Soviet Union in Moscow, doesn't wind up calling this a plan for capitalistic collaboration.

You know, as long as the Communists call us stooges of Wall Street and the Goldwaters call us socialists, we must be going down the right road doing what's right for America.

Now, this is neither socialistic nor a kind of capitalistic program of collusion. This is a practical way by which we can fight to get our equity under conditions where they can't charge that they are inflationary, because we take a small package to begin with, and we get the balance after they have got it in their money bags and can pay it without taking it out of the pockets of the American consumers.

That's why we believe that this is a realistic position and it will put us in a strong practical position to meet this propaganda contest, not as a maneuver, but as a sound economic position.

Individually Tailored Plans

One of the problems we have had in our industry is that we deal with giant corporations and we deal with small corporations. Obviously they are not equal in terms of their economic positions.

We believe that what we are proposing will help protect the job opportunities of workers in smaller companies and in the parts industries, because it will place a proportionately greater economic responsibility upon the more profitable companies.

I think we need to understand that if we have a rigid economic pattern and we tailor it to fit the economics of General Motors, then it becomes too heavy to carry for a small company. If, on the other hand, we tailor it to the economics of the small company, then General Motors can ride the gravy train and we don't get our equity.

So, we believe that this represents a realistic approach by which we tailor our economic demands to fit the economic realities.

Now, what would this program do, let's say, in Ford and G—and it is also true in a large measure in Chrysler—if our proposal was in effect in the last 10 years, based upon what General Motors and Ford did?

Every General Motors worker, 500,000 of them, hourly rated workers and salary workers, in the United States and Canada, would have gotten 30.8 cents an hour in higher wages above what they received for every hour worked in those 10 years. The Ford workers would have gotten 22.2 cents an hour for every hour worked in that 10 year period. This would have been a total gain greater than any we got at the bargaining table.

This represents that part of our equity General Motors kept, and which contributed to the imbalance that we have been talking about.

Workers, under our proposal, at the end of the year, having access to this kind of money, would decide what to do with it. Ford workers would decide in their meetings, GM workers in their meetings, and so forth, on how they would want to spend the money that became available in the second part of our equity, the supplementary demand package. They could decide to implement the short work week. They could decide to expand pensions, holiday pay, vacation pay, or take a cash bonus as part of it. In other words, the workers would decide in each group how they cared to spend this money.

What has been the reaction of the corporations? Well, I think that Mr. Curtice rejected this proposal before he read it, because his rejection came so quickly that I don't think that he had time to read it. But we haven't become discouraged just because Mr. Curtice of GM and Mr. Breech of Ford and Mr. Colbert of the Chrysler Corporation have rejected this.

Charges Profits Exist by Denial

They rejected the guaranteed annual wage principle. I ask you to search in your memories and tell me what basic demand that we were entitled to realize at the bargaining table they gave us out of the fullness of their hearts. Everything I know that we have gotten in these contracts, we have had to work and fight to get. They didn't get their millions and millions by giving workers their share: they got their millions and millions by denying workers and by denying consumers their equity out of the expanding abundance of their technological progress.

Mr. Curtice was the first to reply rejecting our proposal. He said it was foreign to the free enterprise system. I fail to understand how giving every GM worker 30.8 cents more per hour and giving every consumer a rebate will undermine their confidence. I think it will spread confidence by giving people employment and purchasing power.

But the one that Mr. Curtice emphasized the strongest was extravagance. That is a very expensive word, extravagance. Let's look at what Mr. Curtice did.

I wrote him a letter the other day. He didn't answer that one.

I don't know whether he is going to answer the one we sent him yesterday or not. We told him, "Come on over. You tell the boys how wrong they are. You tell the boys that the are doing just fine, that they shouldn't rock the boat, that everything is going to be fine; just let General Motors take in more and more and more with the old eye-dropper putting out a few drops for the workers and the consumers and everything will be wonderful."

I asked him in the earlier letter, as we have asked him before, what process of mental and moral gymnastics does he use to call extravagant what we are asking for when he things it quite proper what Mr. Curtice himself is doing. This is the old double standard with a vengeance.

You remember in 1947 we went to the bargaining table in General Motors for a pension.

Reviews Past Victories

You tell me a demand that we have made in the last 20 years that they didn't reject. They rejected our demand for recognition. They rejected our demand for a grievance procedure. They rejected our demand for seniority provisions. They rejected our demand for vacation pay. They rejected our demand for overtime pay, call-in pay, night shift premium. And they rejected our demand on the pension program.

The Chrysler workers remember we walked the bricks for 108 days, and then how they ran ads trying to hire workers when they needed the manpower a few years later, telling them how wonderful the pension plan is. You would think it had been their idea and we were opposed to it.

But what did Mr. Wilson tell us, good, old C. E. Wilson? They are blaming him for all the mistakes the Republicans are making in the Pentagon now. C. E. Wilson sat across the bargaining table from our G. M. Committee. I was there with the boys from the plants. C. E. Wilson, in that year made $332 per hour based upon a 40-hour week, and he sat there and looked us in the eye and said to us that pensions were wrong, they were unsound, they would destroy the sense of self respect and independence, that the way to answer the problem of insecurity and old age was to tell the workers to save their money for a rainy day. That is what he told us.

Well, this was the old double standard on pensions. He was getting $332 per hour but General Motors knew that he and Mrs. Wilson couldn't save on a measly $332 an hour for their old age, so General Motors had arranged for a $25,000 a year pension.

There is a double standard here. It just shows you how economically and how morally wrong these fellows can get in their basic economic figures.

If our plan had been in effect for the last ten years and the average GM worker earned in those ten years $39,272 in wages, he would have gotten out of the plant, out of his equity equal to the equity that the consumers woud get, a bonus of $604 a year for the ten-year period, or his total equity out of General Motors under our proposal would have been $45,678. Mr. Curtice says that is extravagant, unrealistic, unreasonable.

Let's see what he did.

Well, he got in salary in that ten-year period $1,630,000. He got in bonuses $3,930,000, or a total in ten years of $5,560,000.

Unfortunately, we can't follow his logic.

What would the stockholders have gotten and what would the consumers have gotten if our plan had been in effect? In that ten year period the General Motors Corporation, in 1947 through 1956, after meeting all of its basic costs of wages, salaries and everything, had this much profit: $14.9 billion. It was the highest profit in the history of any company in the history of the world. Our proposal would say that $9.3 billion would go to the stockholders and executives. Mr. Curtice could still have a very big slice of that pie. But 25% would have gone to consumers, $2.8 billion, in price rebates, and more purchasing power; the workers would have gotten $2.8 billion in increased economic income, wages and benefits of all descriptions.

What It Should Buy

Let's see what this would have meant in terms of the American economy. This is a kind of birthday cake. We thought of this because GM was celebrating its 50th birthday and we wanted to get in the spirit of the occasion. We have a big birthday cake here and it is marked, "If this were the 10th anniversary of the UAW bonus program in General Motors alone, $5,600,000,000 in more purchasing power would have been shared by workers and consumers.

Their share of that money would have given the consumers and the workers in this 10-year period 560,000 $10,000 homes, or we could have provided 1,120,000 young people with $5,000 scholarships. Or we could have made it possible for people to buy 2,800,000 $2,000 automobiles. Or we could have made it possible to buy 3,700,000 $1,500 tractors.

But this is just General Motors. Add GM, Ford, Chrysler and other basic industries in America and you can see that that birthday cake would get so big that ultimately that $96,000,000,000 that we had and lost of gross national product would have been realized because the purchasing power necessary to transfer unfulfilled human needs into consumption at the market place would have come about. Millions of jobs would have resulted because of this economic activity.

That is why we say these demands are sound. They reflect the realities of an economy in trouble. The American economy and the Canadian economy are both in trouble for the same reasons and we will not correct the trouble and eliminate the imbalance by pious words about public confidence. We can do it only as we begin to tackle effectively the sources of the imbalance, the lack of purchasing power resulting from big corporations taking a disproportionate share of the fruits of our developing technology and shortchanging the workers, the consumers and the farmers of America, the United States and Canada. That is precisely what we propose this conference should consider doing.

Inter-Union Cooperation

We have set up a joint coordinating committee in the aircraft industry between our union and the International Association of Machinists, who have a substantial portion of the aircraft workers in their union. We are going to work together in formulating a program and processing our collective bargaining demands with the aircraft industry. Each section of our union will draft demands to meet its own special problems, demands for a contract of non-economic nature.

We are going to have full and free debate and you are going to make the decisions.

We make these recommendations because we believe this approach will give us the greatest result and that out of that greater result we can make progress in meeting the problems of the unemployed, in meeting the problems of retired workers, in meeting the problems of all of our members. We make these recommendations in all sincerity. We ask you to debate them fully and freely and make a decision. It will be your decision. After we have made that decision let us go back home and let us work together at every level of our Union, building an understanding of what we are doing on the part of the membership, mobilizing the solidarity and the power that can only come out of a loyalty based upon understanding of what we are doing on the part of the membership. Then carry the message to the public so that they will know what we are doing.

If we do this kind of a job of mobilizing our resources, our own membership carrying this message to the public, I am confident that while the road will be difficult that we will be traveling in 1958, while the opposition will be strong and powerful with unlimited economic resources, that in this situation as in the past the power of free men and women united in common dedication in the pursuit of common objectives is a power which can move mountains.

While it will be difficult, I say that we will make real progress in 1958 because real progress is essential to correcting the economic imbalance in our two economies in the United States and in Canada.

Let us discuss it fully and freely. Let us make a decision and then let us close ranks behind that democratic decision and go forward together so that at the bargaining table we can translate the unity and the solidarity in our ranks into tangible, practical achievement that will give our membership and their families higher living standards, greater economic security and a fuller measure of human dignity.

This is the challenge. I say that you who are the leadership of our Local Unions, and behind you the rank and file of our Union, together we are equal to this challenge in 1958 and we will go forward to do battle and translate opportunity into practical fulfillment.

Cioffi With Morgan

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Vincent Cioffi has become associated with Morgan & Co., 634 South Spring Street, members of the Pacific Coast Stock Exchange. Mr. Cioffi was formerly with Evans, MacCormack & Co. Prior thereto he was with Anderson, Cook Company of Palm Beach, Fla., and in the past was an officer of G. F. Rothschild Co., Inc., New York.

McCarley Co. Branch

SUMTER, S. C.—McCarley & Company, Inc. has opened an office at 120 North Main Street under the direction of Robert L. McLeod.

Hodgdon Branch

FALLS CHURCH, Va.—Hodgdon & Co. has opened a branch office at Seven Corners Shopping Center under the management of Jack C. Pratt.

William P. Haring

William Post Haring, associated with F. L. Watson & Co., passed away Jan. 29, at the age of 61 following a brief illness.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated steel operations (per cent capacity)	Feb. 9	§53.9	*54.1	56.1	97.1
Equivalent to—					
Steel ingots and castings (net tons)	Feb. 9	§1,454,000	*1,459,000	1,515,000	2,485,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Jan. 24	6,923,185	6,924,535	6,939,760	7,395,615
Crude runs to stills—daily average (bbls.)	Jan. 24	¶7,639,000	7,675,000	7,876,000	8,189,000
Gasoline output (bbls.)	Jan. 24	26,449,000	26,724,000	27,926,000	26,850,000
Kerosene output (bbls.)	Jan. 24	2,397,000	2,712,000	2,509,000	2,487,000
Distillate fuel oil output (bbls.)	Jan. 24	12,543,000	13,733,000	13,200,000	14,333,000
Residual fuel oil output (bbls.)					
Stocks at refineries, bulk terminals, in transit, in pipe lines—	Jan. 24	7,424,000	7,132,000	8,019,000	8,702,000
Finished and unfinished gasoline (bbls.) at	Jan. 24	203,256,000	200,636,000	194,165,000	193,248,000
Kerosene (bbls.) at	Jan. 24	24,051,000	25,343,000	28,754,000	25,619,000
Distillate fuel oil (bbls.) at	Jan. 24	128,181,000	135,406,000	151,769,000	106,490,000
Residual fuel oil (bbls.) at	Jan. 24	57,810,000	57,952,000	58,906,000	39,531,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Jan. 25	550,667	572,353	410,022	665,745
Revenue freight received from connections (no. of cars)	Jan. 25	539,681	534,938	458,797	631,087
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Jan. 30	$389,731,000	$218,880,000	$259,276,000	$406,802,000
Private construction	Jan. 30	139,953,000	93,338,000	120,818,000	223,012,000
Public construction	Jan. 30	249,778,000	125,542,000	138,458,000	183,790,000
State and municipal	Jan. 30	215,818,000	97,497,000	123,726,000	154,370,000
Federal	Jan. 30	33,960,000	28,045,000	14,732,000	29,420,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Jan. 25	8,285,000	8,440,000	5,690,000	10,170,000
Pennsylvania anthracite (tons)	Jan. 25	537,000	556,000	273,000	614,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Jan. 25	93	*102	148	96
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Feb. 1	12,238,000	12,399,000	11,692,000	12,322,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Jan. 30	226	333	203	320
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Jan. 28	5.967c	5.967c	5.967c	5.622c
Pig iron (per gross ton)	Jan. 28	$66.42	$66.42	$66.42	$62.90
Scrap steel (per gross ton)	Jan. 28	$35.00	$34.33	$32.83	$55.50
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Jan. 29	24.525c	24.600c	26.525c	35.475c
Export refinery at	Jan. 29	20.325c	20.875c	22.100c	33.100c
Lead (New York) at	Jan. 29	13.000c	13.000c	13.000c	16.000c
Lead (St. Louis) at	Jan. 29	12.800c	12.800c	12.800c	15.800c
‡Zinc (delivered) at	Jan. 29	10.500c	10.500c	10.500c	14.000c
Zinc (East St. Louis) at	Jan. 29	10.000c	10.000c	10.000c	13.500c
Aluminum (primary pig. 99%) at	Jan. 29	26.000c	26.000c	26.000c	25.000c
Straits tin (New York) at	Jan. 29	93.500c	92.250c	92.625c	102.625c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Feb. 4	93.86	94.13	93.65	91.67
Average corporate	Feb. 4	95.77	96.07	93.67	95.77
Aaa	Feb. 4	102.63	103.13	101.14	100.65
Aa	Feb. 4	99.36	99.68	97.62	98.09
A	Feb. 4	96.23	96.85	94.41	96.07
Baa	Feb. 4	86.24	85.72	82.90	89.09
Railroad Group	Feb. 4	91.62	91.77	90.77	94.71
Public Utilities Group	Feb. 4	97.94	97.94	94.26	96.38
Industrials Group	Feb. 4	98.09	98.57	96.23	96.38
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Feb. 4	3.02	3.00	3.04	3.18
Average corporate	Feb. 4	4.02	4.00	4.16	4.02
Aaa	Feb. 4	3.59	3.56	3.68	3.71
Aa	Feb. 4	3.79	3.77	3.90	3.87
A	Feb. 4	3.99	3.95	4.11	4.00
Baa	Feb. 4	4.69	4.73	4.95	4.48
Railroad Group	Feb. 4	4.30	4.29	4.36	4.09
Public Utilities Group	Feb. 4	3.88	3.88	4.12	3.98
Industrials Group	Feb. 4	3.87	3.84	3.99	3.98
MOODY'S COMMODITY INDEX	Feb. 4	393.0	391.2	392.3	425.3
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Jan. 25	236,717	255,702	**307,873	234,936
Production (tons)	Jan. 25	266,581	281,999	**213,154	282,631
Percentage of activity	Jan. 25	87	90	**45	96
Unfilled orders (tons) at end of period	Jan. 25	348,266	377,663	††376,218	380,684
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Jan. 31	108.47	108.49	108.51	111.14
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Jan. 11	1,457,630	1,661,710	1,439,940	1,595,140
Short sales	Jan. 11	338,500	209,250	268,600	285,740
Other sales	Jan. 11	1,478,550	1,408,310	1,116,820	1,481,530
Total sales	Jan. 11	1,817,050	1,617,560	1,385,420	1,767,270
Other transactions initiated on the floor—					
Total purchases	Jan. 11	324,610	335,910	343,600	349,050
Short sales	Jan. 11	57,900	19,010	25,900	22,700
Other sales	Jan. 11	380,510	301,610	352,490	343,700
Total sales	Jan. 11	438,410	320,620	378,390	366,400
Other transactions initiated off the floor—					
Total purchases	Jan. 11	524,969	529,591	456,097	528,371
Short sales	Jan. 11	174,570	74,290	104,000	139,950
Other sales	Jan. 11	528,602	417,040	419,320	558,625
Total sales	Jan. 11	703,172	491,330	523,320	698,575
Total round-lot transactions for account of members—					
Total purchases	Jan. 11	2,307,209	2,527,211	2,239,637	2,472,561
Short sales	Jan. 11	570,970	302,550	398,500	448,390
Other sales	Jan. 11	2,387,662	2,126,960	1,888,630	2,383,855
Total sales	Jan. 11	2,958,632	2,429,510	2,287,130	2,832,245
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION:					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	Jan. 11	1,485,834	1,478,388	1,248,520	1,564,230
Dollar value	Jan. 11	$60,550,994	$53,115,822	$48,138,353	$77,553,576
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Jan. 11	904,425	1,332,090	1,154,535	1,078,221
Customers' short sales	Jan. 11	24,745	9,389	12,082	8,315
Customers' other sales	Jan. 11	879,680	1,322,701	1,142,453	1,069,906
Dollar value	Jan. 11	$38,727,811	$45,181,849	$43,203,921	$52,253,290
Round-lot sales by dealers—					
Number of shares—Total sales	Jan. 11	201,690	396,200	334,150	214,180
Short sales	Jan. 11	------	------	------	------
Other sales	Jan. 11	201,690	396,200	334,150	214,180
Round-lot purchases by dealers—					
Number of shares	Jan. 11	723,910	520,530	441,510	699,070
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	Jan. 11	945,650	457,890	603,700	613,210
Other sales	Jan. 11	10,738,300	13,026,630	11,695,090	11,829,160
Total sales	Jan. 11	11,683,950	13,484,520	12,298,790	12,442,370
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49=100):					
Commodity Group—					
All commodities	Jan. 28	118.8	118.8	118.4	116.9
Farm products	Jan. 28	94.3	*94.2	93.1	89.4
Processed foods	Jan. 28	108.8	*109.1	108.0	104.3
Meats	Jan. 28	99.7	101.0	98.2	82.9
All commodities other than farm and foods	Jan. 28	125.9	126.0	125.8	125.2

*Revised figure. ¶Includes 846,000 barrels of foreign crude runs. §Based on new annual capacity of 140,742,570 tons as of Jan. 1, 1958, as against Jan. 1, 1957 basis of 133,459,150 tons. †Number of orders not reported since introduction of Monthly Investment Plan. ‡Prime Western Zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound. **Period ending Dec. 31, 1957. ††As of Dec. 31, 1957.

	Latest Month	Previous Month	Year Ago
ALUMINUM (BUREAU OF MINES):			
Production of primary aluminum in the U. S. (in short tons)—Month of October	133,759	129,278	149,125
Stocks of aluminum (short tons) end of Oct.	183,414	175,085	62,290
AMERICAN GAS ASSOCIATION—For month of November:			
Total gas sales (M therms)	6,617,700	5,372,300	5,728,700
Natural gas sales (M therms)	6,435,000	5,238,300	5,546,800
Manufactured gas sales (M therms)	16,500	10,500	18,000
Mixed gas sales (M therms)	166,200	123,500	163,900
AMERICAN IRON AND STEEL INSTITUTE:			
Steel ingots and steel for castings produced (net tons)—Month of December	7,413,000	*8,392,919	10,837,545
Shipments of steel products (net tons)—Month of November	5,606,018	6,550,690	7,431,136
AMERICAN PETROLEUM INSTITUTE—Month of October:			
Total domestic production (barrels of 42 gallons each)	237,555,000	*230,783,000	240,213,000
Domestic crude oil output (barrels)	212,650,000	*206,967,000	215,936,000
Natural gasoline output (barrels)	24,888,000	23,795,000	24,245,000
Benzol output (barrels)	17,000	21,000	32,000
Crude oil imports (barrels)	31,679,000	31,274,000	31,123,000
Refined product imports (barrels)	§15,810,000	*12,494,000	16,660,000
Indicated consumption domestic and export (barrels)	280,633,000	*251,500,000	277,489,000
Increase all stocks (barrels)	4,411,000	23,051,000	10,507,000
AMERICAN RAILWAY CAR INSTITUTE—Month of December:			
Orders for new freight cars	3,492	1,070	4,992
New freight cars delivered	6,174	7,142	7,260
Backlog of cars on order and undelivered (end of month)	55,941	59,194	117,257
AMERICAN TRUCKING ASSOCIATIONS, INC.—Month of November:			
Intercity general freight transported by 338 carriers (in tons)	4,211,679	4,928,868	4,422,428
AMERICAN ZINC INSTITUTE, INC.—Month of December:			
Slab zinc smelter output all grades (tons of 2,000 pounds)	86,270	79,754	98,234
Shipments (tons of 2,000 pounds)	72,128	*83,166	99,797
Stocks at end of period (tons)	166,655	*152,513	68,622
Unfilled orders at end of period (tons)	18,217	21,867	34,913
ASSOCIATION OF AMERICAN RAILROADS—Month of December:			
Locomotive units installed in service	81	160	110
New locomotive units on order (end of month)	443	488	814
COAL OUTPUT (BUREAU OF MINES)—Month of December:			
Bituminous coal and lignite (net tons)	36,290,000	38,060,000	39,495,000
Pennsylvania anthracite (net tons)	1,836,000	1,938,000	2,342,000
COKE (BUREAU OF MINES)—Month of Nov.:			
Production (net tons)	5,622,312	*6,275,567	6,538,700
Oven coke (net tons)	5,531,945	*6,157,497	6,332,300
Beehive coke (net tons)	90,367	*118,070	206,400
Oven coke stock at end of month (net tons)	2,963,062	*2,763,957	2,442,070
COMMERCIAL PAPER OUTSTANDING—FEDERAL RESERVE BANK OF NEW YORK—			
As of Dec. 31 (000's omitted)	$551,000	$560,000	$548,000
COPPER INSTITUTE—For month of December:			
Copper production in U. S. A.—			
Crude (tons of 2,000 pounds)	102,523	‡98,357	104,583
Refined (tons of 2,000 pounds)	136,135	‡128,218	129,839
Deliveries to fabricators—			
In U. S. A. (tons of 2,000 pounds)	84,611	‡106,799	99,594
Refined copper stocks at end of period (tons of 2,000 pounds)	181,024	161,552	120,645
DEPARTMENT STORE SALES—FEDERAL RESERVE SYSTEM—1947-49 Average = 100—Month of December:			
Adjusted for seasonal variation	139	*134	137
Without seasonal adjustment	243	*163	240
FABRICATED STRUCTURAL STEEL (AMERICAN INSTITUTE OF STEEL CONSTRUCTION)—Month of December:			
Contracts closed (tonnage)—estimated	126,979	187,653	404,429
Shipments (tonnage)—estimated	278,178	293,369	297,785
INDUSTRIAL PRODUCTION—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—1947-49=100—Month of Dec.:			
Seasonally adjusted	136	139	147
Unadjusted	134	141	144
MOTOR VEHICLE FACTORY SALES FROM PLANTS IN U. S.—AUTOMOBILE MANUFACTURERS' ASSN.—Month of December:			
Total number of vehicles	621,704	670,867	700,740
Number of passenger cars	534,846	578,921	617,599
Number of motor trucks	86,526	91,701	82,913
Number of motor coaches	332	245	228
NEW CAPITAL ISSUES IN GREAT BRITAIN MIDLAND BANK LTD.—Month of December	£52,680,000	£10,998,000	£23,199,000
NONFARM REAL ESTATE FORECLOSURES—FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION—Month of Sept.	2,979	2,852	2,802
PORTLAND CEMENT (BUREAU OF MINES)—Month of October:			
Production (barrels)	30,121,000	30,884,000	29,051,000
Shipments from mills (barrels)	30,847,000	30,511,000	31,354,000
Stocks (at end of month—barrels)	19,207,000	*20,250,000	13,007,000
Capacity used (per cent)	98	104	107
RAILROAD EARNINGS CLASS I ROADS (ASSOCIATION OF AMERICAN RRs.)—Month of November:			
Total operating revenues	$829,920,692	$927,291,511	$887,171,323
Total operating expenses	665,969,774	697,566,196	686,626,630
Operating ratio	80.24	75.23	77.40
Taxes	$77,017,138	$106,599,745	$92,652,300
Net railway operating income before charges	64,243,357	99,631,473	87,936,311
Net income after charges (estimated)	46,000,000	82,000,000	69,000,000
ZINC OXIDE (BUREAU OF MINES)—Month of November:			
Production (short tons)	13,015	*14,091	16,760
Shipments (stort tons)	12,362	14,331	14,551
Stocks at end of month (short tons)	27,474	*26,821	21,412

*Revised figure. ‡Corrected figure. §As estimated by the Bureau of Mines.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

Allen (Walter H.) Co., Inc.
Nov. 4 (letter of notification) $150,000 of 10-year 6% unsecured debentures, due Nov. 1, 1967, to be offered to stockholders. **Price**—At par (in units of $1,000). **Proceeds**—For construction of a new addition to present building. **Office**—6210 Denton Drive, Dallas, Texas. **Underwriter**—None.

● American European Securities Co.
Jan. 15 filed 76,563 shares of common stock being offered to holders of outstanding common on the basis of one new share for each 6 shares held of record Feb. 3; rights to expire on Feb. 19. **Proceeds**—For investment purposes. **Price**—$26 per share. **Office**—Jersey City, N. J. **Underwriter**—None.

American Life & Casualty Insurance Co.
Dec. 3 filed 101,667 shares of common stock (par $1) to be offered for subscription by common stockholders at the rate of one new share for each two shares held; unsubscribed shares to be offered to public. **Price**—$10 per share. **Proceeds**—For capital and surplus accounts. **Office**—Fargo, N. D. **Underwriter**—None.

American Mutual Investment Co., Inc.
Dec. 17 filed 490,000 shares of capital stock. **Price**—$10.20 per share. **Proceeds**—For investment in first trust notes, second trust notes and construction loans. Company may develop shopping centers and build or purchase office buildings. **Office** — 900 Woodward Bldg., Washington, D. C. **Underwriter** — None. Sheldon Magazine, 1201 Highland Drive, Silver Spring, Md., is President.

American Provident Investors Corp.
Feb. 15 filed 50,000,000 shares of common stock (par one cent). **Price**—$2 per share. **Proceeds** — For working capital and general corporate purposes. **Office**—Dallas, Tex. **Underwriter**—Peoples Securities Co., J. D. Grey, of New Orleans, John S. Tanner, of Dallas, and C. L. Edmonds, of Houston, three of the 22 directors, are Chairman, Vice-Chairman and President, respectively.

American Telephone & Telegraph Co. (2/7)
Dec. 31 filed $718,313,000 of 4¼% convertible debentures due March 12, 1973, convertible into common stock, beginning May 12, 1958, at a price of $142, representing $100 debenture and $42 cash, to be offered for subscription by stockholders of record Jan. 24, 1958 at rate of $100 principal amount of debentures for each nine shares held; rights to expire on March 12, 1958. Subscription warrants are expected to be mailed about Feb. 7. **Price** — 100% of principal amount. **Proceeds** — For advances to subsidiary and associated companies; for purchase of stock offered for subscription by such companies; for extensions, additions and improvements to company's own plant and for general corporate purposes. **Underwriter**—None. Statement effective Jan. 17.

★ Ampol Exploration Ltd.
Jan. 29 filed American depositary receipts for 724,128 and 4,477,083 American shares for ordinary five shilling nominal value stock units. **Price**—Proposed maximum aggregate offering price is $12,672.24 and $83,616.45, respectively. **Depositary**—Irving Trust Co., New York.

★ Amsterdam (City of), The Netherlands (2/25)
Feb. 5 was scheduled to file $15,000,000 of 15-year sinking fund bonds due 1973. **Price** — To be supplied by amendment. **Underwriter**—White, Weld & Co., New York.

Anderson Electric Corp.
Dec. 23 (letter of notification) 14,700 shares of class B common stock (par $1). **Price**—$12 per share. **Proceeds**—To go to selling stockholders. **Office** — 700 N. 44th Street, Birmingham, Ala. **Underwriters** — Cruttenden, Podesta & Co., Chicago, Ill.; and Odess, Martin & Herzberg, Inc., Birmingham, Ala.

Anita Cobre U. S. A., Inc., Phoenix, Ariz.
Sept. 30 filed 85,000 shares of common stock. **Price**—At par ($3.75 per share). **Proceeds**—For investment in subsidiary and working capital. **Underwriter**—Selected Securities, Inc., Phoenix, Ariz.

● Atlas Sewing Centers, Inc., Miami, Fla.
Jan. 6 filed $1,500,000 6½% convertible subordinated debentures, due 1973. **Price**—100% and accrued interest. **Proceeds**—To increase inventories, expansion, and reduce bank debt. **Underwriter**—Van Alstyne, Noel & Co., New York. **Offering**—Expected in about two weeks.

● Barton Distilling Co., Chicago, Ill. (2/17-21)
Jan. 28 filed $1,000,000 of secured notes due Oct. 1, 1962 (with warrants attached to purchase whiskey warehouse receipts. **Price**—To be supplied by amendment. **Proceeds**—To repay short-term bank loans of $400,000 and for working capital. **Underwriter**—Fulton Reid & Co., Inc., Cleveland, Ohio.

Blacksmith Shop Pastries Inc., Rockport, Mass.
Sept. 17 (letter of notification) $100,000 of 6½% debentures dated Sept. 16, 1957 and due Sept. 15, 1972 and 40,000 shares of capital stock (par $1) to be offered in units of one $50 debenture and 20 shares of capital stock. **Price**—$90 per unit. **Proceeds**—To retire mortgage notes and for working capital. **Underwriter**—Mann & Gould, Salem, Mass.

★ Bridgeport & Port Jefferson Steamboat Co.
Jan. 30 (letter of notification) 30,000 shares of common stock (par $5) to be offered for subscription by common stockholders of record Dec. 31, 1957 at the rate of three new shares for each two shares held. **Price**—$10 per share. **Proceeds**—To construct new vessel. **Offices**—Port Jefferson, N. Y.; and Bridgeport, Conn. **Underwriter**—None.

Brunswick-Balke-Collender Co.
Dec. 20 filed 163,500 shares of common stock (no par) to be offered in exchange for outstanding common stock of MacGregor Sport Products, Inc. at rate of one share of BBC stock for each share of MacGregor stock. The offer is subject to acceptance by holders of at least 90% (147,150 shares) of outstanding MacGregor common (which condition may be waived by BBC if offer is accepted by at least 80% of outstanding MacGregor stock). Offer expires Feb. 4, 1958. **Underwriter**—None. Statement effective Jan. 13.

Cador Production Corp., Far Hills, N. J.
Dec. 16 filed 1,680,000 shares of common stock (par five cents), of which 1,600,000 shares are to be offered in exchange for oil properties located in Oklahoma, Texas, New Mexico, Louisiana, Kansas and elsewhere; the remaining 80,000 shares are to be issued as commissions. **Underwriter**—Cador, Inc., Far Hills, N. J.

California Electric Power Co. (2/27)
Jan. 23 filed $12,000,000 of first mortgage bonds due 1988. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kidder, Peabody & Co.; White, Weld & Co. **Bids**—Expected to be received up to 9 a.m. (PST) on Feb. 27 at offices of O'Melveny & Myers, Room 900, 433 So. Spring St., Los Angeles 13, Calif.

Camoose Uranium Mines of America, Inc.
Jan. 9 filed 3,000,000 shares of common stock (1 cent par), all owned by Camoose Mines Ltd., which is in liquidation and has equivalent amount of stock outstanding (1 cent par). When registration statement becomes effective, Camoose Mines will issue as a liquidating dividend, on a share-for-share basis, the 3,000,000 Canadian Uranium Mines shares it owns. **Office**—New York City. **Underwriter**—None.

Central Illinois Public Service Co. (2/25)
Jan. 29 filed $15,000,000 of first mortgage bonds, series G, due Feb. 1, 1988. **Proceeds**—To repay bank loans and for construction program. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co. and Equitable Securities Corp. (jointly); Kuhn, Loeb & Co. and A. C. Allyn & Co. Inc. (jointly); Salomon Bros. & Hutzler; Blair & Co., Inc.; Blyth & Co., Inc., Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly). **Bids**—Expected Feb. 25.

Central Mortgage & Investment Corp.
Sept. 12 filed $5,000,000 of 20-year mortgage bonds and 500,000 shares of common stock (par five cents) to be offered in units of $100 of bonds and 10 shares of stock **Price**—$100.50 per unit. **Proceeds**—For purchase of first mortgages or to make first mortgage loans and for construction business. **Office**—Miami Beach, Fla **Underwriter**—Aetna Securities Corp., New York. **Offering**—Date indefinite.

● Chenango & Unadilla Telephone Co.
Jan. 29 filed 20,000 shares of common stock (par $20) to be offered for subscription by common stockholders. **Price**—To be supplied by amendment. **Proceeds**—To repay short-term bank loans and for additions and improvements. **Underwriters** — W. E. Hutton & Co.. New York; and Laird, Bissell & Meeds, Wilmington, Del. Unsubscribed shares are expected to be publicly offered about the middle of March.

Chess Uranium Corp.
May 14 (letter of notification) 600,000 shares of common stock (par $1—Canadian). **Price**—50 cents per share (U. S. funds). **Proceeds**—For exploration costs, etc. **Office**—5616 Park Ave., Montreal, Canada. **Underwriter**—Jean R. Veditz Co., Inc., 160 Broadway, New York.

● Cleveland Electric Illuminating Co. (2/25)
Jan. 8 filed $30,000,000 first mortgage bonds due in 1993. **Proceeds**—Retire bank loans in amount of $9,500,000 and for construction program. Latter, for 1958, calls for $65,000,000 outlay, and over next five years total is approximately $280,000,000. **Underwriter**—To be determined by competitive bidding. Probable bidders—Halsey, Stuart & Co. Inc.; Blair & Co., Inc. and Baxter, Williams & Co. (jointly); Glore, Forgan & Co.; Blyth & Co., Inc.; The First Boston Corp.; White, Weld & Co.; Dillon Read & Co. Inc. **Bids**—Expected to be received up to 11 a.m. (EST) on Feb. 25 at 55 Public Square, Cleveland 1, Ohio.

Commerce Oil Refining Corp.
Dec. 16 filed $25,000,000 of first mortgage bonds due Sept. 1, 1968, $20,000,00 of subordinated debentures due Oct. 1, 1968 and 3,000,000 shares of common stock to be offered in units as follows: $1,000 of bonds and 48 shares of stock and $100 of debentures and nine shares of stock. **Price**—To be supplied by amendment. **Proceeds** — To construct refinery. **Underwriter**—Lehman Brothers, New York. **Offering**—Indefinite.

Consolidated Cuban Petroleum Corp.
Dec. 30 filed 500,000 shares of common stock (par 20 cents) to be offered for subscription by common stockholders on the basis of one new share for each four shares held. **Price**—To be supplied by amendment. **Proceeds** — For exploration activities and capital expenditures. **Office**—Havana, Cuba. **Underwriter**—H. Kook & Co., Inc., New York.

● Consumer Finance Corp. of America
Dec. 27 filed $800,000 of 6½% capital notes due Feb. 1, 1973 (with detachable class A common stock purchase warrants). **Price** — 100% and accrued interest. **Proceeds**—To reduce bank loans and for working capital. **Change in Name**—Formerly People's Finance Corp. **Office**—Denver, Colo. **Underwriters**—Paul C. Kimball & Co., Chicago, Ill.

Continental Mining & Oil Corp.
Dec. 9 (letter of notification) 250,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For mining expenses. **Office**—1500 Massachusetts Avenue, N. W., Washington, D. C. **Underwriter**—E. L. Wolfe Associates, 1511 K St., N.W., Washington, D. C.

★ Crescent Life Insurance Co.
Jan. 27 (letter of notification) 20,000 shares of common stock (par $5). **Price**—$10 per share. **Proceeds**—For organizational expenses and for general corporate purposes. **Office**—Suite 221, Helm Hotel Building, Bowling Green, Ky. **Underwriter**—None.

★ Crested Butte Mining & Milling Corp.
Jan. 27 (letter of notification) 80,000 shares of common stock, each accompanied by a warrant to purchase five additional shares within five years. **Price**—At par (25 cents per share). **Proceeds** — To liquidate obligations. **Office**—1131 Lincoln St., Denver 3, Colo. **Underwriter**—None.

● Cubacor Explorers, Ltd.
Oct. 28 (letter of notification) 600,000 shares of common stock (par $1-Canadian). **Price**—50 cents per share-U. S. funds. **Proceeds** — For exploration and drilling costs. **Office** — Suite 607, 320 Bay St., Toronto, Ont., Canada. **Underwriter**—Stratford Securities Co., Inc., 135 Broadway, New York. **Offering**—Postponed indefinitely.

★ Daybreak Uranium, Inc., Opportunity, Wash.
Jan. 29 filed 1,156,774 shares of common stock (par 10 cents), of which 630,000 shares are to be offered for account of company and 526,774 shares for selling stockholders. **Price**—At market. **Proceeds**—For exploration and drilling costs and other corporate purposes. **Underwriter**—Herrin Co., Seattle, Wash.

★ Deseret Pharmaceutical Co., Inc.
Jan. 29 (letter of notification) 100,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For capital expenditures and working capital. **Office**—2230 S. State St., Salt Lake City, Utah. **Underwriter**—None.

★ Diapulse Manufacturing Corp. of America
Jan. 29 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—276 Fifth Ave., New York, N. Y. **Underwriter**—None.

Disc, Inc., Washington, D. C.
Oct. 10 filed 400,000 shares of class A common stock (par $1). **Price**—$2.50 per share. **Proceeds**—For investment. **Business**—Purchase and development of real property, and acquisition of stock of business enterprises. **Underwriter**—None. Irving Lichtman is President and Board Chairman.

Dixon Chemical & Research, Inc.
Dec. 24 filed 165,625 shares of common stock (par $1) to be offered for subscription by common stockholders at the rate of one new share for each four shares held. **Price**—To be supplied by amendment. **Proceeds**—For expansion and general corporate purposes. **Office**—Clifton, N. J. **Underwriter**—P. W. Brooks & Co., Inc., New York. **Offering**—Not expected before March 1.

● Doctors' Motels, Inc., Kansas City, Kan.
Oct. 25 filed 500,000 shares of common stock, of which 426,497 shares are to be offered publicly, 39,568 shares are to be offered in exchange for $432,055 outstanding 6% debentures, 3,085 shares are to be issued as a stock dividend and 30,850 shares are presently outstanding. **Price**—At par ($15 per share). **Proceeds**—For construction and operation of motels and to repay bank loans. **Underwriter**—None.—Statement effective Jan. 28.

★ Dreyfus Corp., New York
Jan. 29 filed (by amendment) $5,000,000 fully paid programs and $45,000,000 systematic accumulation programs and systematic accumulation programs with insurance protection.

Durox of Minnesota, Inc., Denver, Colo.
Sept. 23 filed 750,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—For capital expenditures and working capital. **Business** — Building material. **Underwriter**—American Underwriters, Inc., Englewood, Colo. Statement effective Dec. 11.

★ Edgcomb Steel of New England, Inc.
Jan. 28 (letter of notification) 30,000 shares of class A common stock (par $5). **Price**—$10 per share. **Proceeds**

—To repay bank loans and for working capital. **Office**—West Hollis St., Nashua, N. H. **Underwriter**—None.

★ **Erie Natural Gas Co., Inc.**
Jan. 27 (letter of notification) 12,790 shares of common stock (par 50 cents) to be issued pursuant to exercise of warrants issued December, 1956. **Price** — $2 per share. **Proceeds**—For general corporate purposes. **Office**—152 W. 42nd St., New York, N. Y. **Underwriter**—None.

Ex-Cell-O Corp., Detroit, Mich.
Nov. 25 filed 88,000 shares of common stock (par $3) to be offered in exchange for common stock of Bryant Chucking Grinder Co. of Springfield, Va., at rate of four-tenths of an Ex-Cell-O share for each full Bryant share. Offer will become effective upon acceptance by holders of not less than 209,000 shares (95%) of all common stock of Bryant outstanding. **Underwriter**—None.

★ **Expanded Shale Products, Inc., Denver, Colo.**
Jan. 29 filed 60,000 shares of common stock (par $1) and $180,000 of 6% callable unsubordinated unsecured debenture notes due 1960-1964 to be offered in units of $600 of notes 200 shares of stock. **Price**—$1,000 per unit. **Proceeds**—For construction of plant, working capital and other corporate purposes. **Underwriter**—Minor, Mee & Co., Albuquerque, N. M.

Famous Virginia Foods Corp.
Nov. 6 (letter of notification) 5,000 shares of common stock. **Price**—$6.67 per share. **Proceeds**—To selling stockholder. **Office**—922 Jefferson St., Lynchburg, Va. **Underwriter**—Whitney & Co., Inc., Washington, D. C.

First International Fire Insurance Co.
Aug. 26 (letter of notification) 100,000 shares of common stock (par $1). **Price** — $3 per share. **Proceeds** — For capital and surplus and for first year's deficit. **Office**—3395 S. Bannock St., Englewood, Colo. **Underwriter** — American Underwriters, Inc., Englewood, Colo.

First Leaseback Corp., Washington, D. C.
Nov. 27 filed 500,000 shares of class A common stock (par five cents). **Price** — $5 per share. **Proceeds** — To purchase properties. **Underwriter** — Whitmore, Bruce & Co., Washington, D. C.

Fluorspar Corp. of America
Dec. 26 filed 470,000 shares of common stock. **Price**—$3 per share. **Proceeds**—For exploration work and working capital. **Office**—Portland, Ore. **Underwriter**—To be named by amendment. Sol Goldberg is President.

Forest Laboratories, Inc. (2/24)
Aug. 28 filed 200,000 shares of capital stock (par 10 cents). **Price**—$2.50 per share. **Proceeds**—For sales promotion of company's products, working capital, additional inventory and accounts receivable, for research and development and for other general corporate purposes. **Office**—Brooklyn, N. Y. **Underwriters**—Alfred L. Powell Co., New York; and H. Carroll & Co., Denver, Colo.

Freeman Electric Construction Co., Inc.
Nov. 27 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To reduce accounts payable, etc., and for working capital and general corporate purposes. **Office** — New York. **Underwriter**—Harris Securities Corp., New York City.

General Aniline & Film Corp., New York
Jan. 14 filed 426,988 shares of common A stock (no par) and 1,537,500 shares of common B stock (par $1). **Proceeds**—To the Attorney General of the United States. **Underwriter**—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc., and The First Boston Corp. (jointly); Kuhn, Loeb & Co., Lehman Brothers and Glore, Forgan & Co. (jointly). **Bids** — Had been scheduled to be received up to 3:45 p.m. (EDT) on May 13 at Room 654, 101 Indiana Ave., N. W., Washington 25, D. C., but bidding has been postponed.

General Credit, Inc., Washington, D. C.
Aug. 17, 1956 filed $2,000,000 of 6% subordinated sinking fund debentures, due Sept. 1, 1971, with detachable warrants to purchase 160,000 shares of participating preference stock, to be offered in units of $500 of debentures and 40 warrants. **Price**—$500 per unit. **Proceeds**—For expansion and working capital. **Underwriter**—None named. Offering to be made through selected dealers. Application is still pending with SEC.

General Motors Acceptance Corp. (2/11-18)
Jan. 27 filed $150,000,000 of 21-year debentures due 1979. **Price**—To be supplied by amendment. **Proceeds**—For maturing debt and for purchase of receivables. **Underwriter**—Morgan Stanley & Co., New York. **Offering**—If accelerated, expected on Feb. 11.

Great Divide Oil Corp.
Oct. 11 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To pay balance on oil and gas properties, and unsecured notes and for drilling and working capital. **Office**—207 Newhouse Bldg., Salt Lake City, Utah. **Underwriter**—Birkenmayer & Co., Denver, Colo.

Great Northern Life Insurance Co.
Oct. 7 (letter of notification) 44,400 shares of common stock (par $1). **Price**—$6.75 per share. **Proceeds**—For capital stock and unassigned surplus. **Office** — 119 W. Rudisill Blvd., Fort Wayne, Ind **Underwriter**—Northwestern Investment Inc., Fort Wayne, Ind.

Guardian Insurance Corp., Baltimore, Md.
Aug. 16 filed 300,000 shares of common stock, of which 200,000 shares are to be publicly offered and the remaining 100,000 shares reserved for issuance upon exercise of warrants which are to be sold at 25 cents per warrant to organizers, incorporators, management, and/or directors. **Price**—$10 per share. **Proceeds**—For working capital and general corporate purposes. **Underwriter**—None.

Gulf Power Co. (2/20)
Jan. 24 filed $8,000,000 of first mortgage bonds due 1988. **Proceeds**—To repay bank loans and for new construction. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co.; Kuhn, Loeb & Co.; Blyth & Co., Inc.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane and Salomon Bros. & Hutzler. **Bids**—To be received up to 11 a.m. (EST) on Feb. 20 at office of Southern Services, Inc., Room 1600, 250 Park Ave., New York 17, N. Y.

Gulf States Utilities Co. (2/18)
Jan. 15 filed 75,000 shares of cumulative preferred stock (par $100). **Proceeds**—To repay bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Stone & Webster Securities Corp.; Lehman Brothers and Equitable Securities Corp. (jointly); Kuhn, Loeb & Co.; Glore, Forgan & Co. and W. C. Langley & Co. (jointly). **Bids**—Tentatively expected to be received up to 11 a.m. (EST) on Feb. 18.

Hofmann Industries, Inc., Sinking Spring, Pa.
Dec. 20 filed 227,500 shares of common stock (par 25 cents) to be offered in exchange for outstanding common shares of Van Dorn Iron Works Co. **Underwriter**—None.

Home Owners Life Insurance Co.
Nov. 1 filed 50,000 shares of class A common stock to be offered to the public at $5 per share and 116,366 shares of class B common stock to be offered to stockholders at $6 per share at the rate of two new shares for each five shares held. **Proceeds**—For working capital. **Office**—Fort Lauderdale, Fla. **Underwriter**—None.

Horlac Mines, Ltd.
Nov. 20 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To repay loan, to purchase equipment and machinery and for working capital. **Office**—1551-A Eglinton Ave. West, Toronto 10, Ont., Canada. **Underwriter**—D'Amico & Co., Inc., Buffalo, N. Y

Indiana & Michigan Electric Co. (2/13)
Dec. 20 filed $25,000,000 of first mortgage bonds due 1988. **Proceeds** — For reduction of bank loans and for construction program. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; Harriman Ripley & Co. Inc.; The First Boston Corp.; Eastman Dillon, Union Securities & Co. **Bids**—To be received up to noon (EST) on Feb. 13 at 30 Church St., New York 8, N. Y.

★ **Industrial Leasing Corp., Portland, Ore.**
Jan. 31 (letter of notification) 700 shares of common stock (par $100) and $105,000 of subordinate 6% debentures to be offered in units of $300 of debentures and

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NEW ISSUE CALENDAR

February 7 (Friday)
American Telephone & Telegraph Co. .... **Debentures**
(Offering to stockhoders—no underwriting) $718,313,000

February 10 (Monday)
Louisville & Nashville RR. .... **Equip. Trust Ctfs.**
(Bids noon EST) $7,035,000
Shell Transport & Trading Co., Ltd. .... **Common**
(Offering to holders of New York shares—no underwriting) $12,600,000
Southern Oxygen Co. .... **Debentures**
(Johnston, Lemon & Co.) $1,500,000

February 11 (Tuesday)
General Motors Acceptance Corp. .... **Debentures**
(Morgan Stanley & Co.) $150,000,000
Pevely Dairy Co. .... **Common**
(Bids 3:30 p.m. CST) 615 shares
Southern California Edison Co. .... **Preferred**
(The First Boston Corp. and Dean Witter & Co.) 1,000,000 shares

February 12 (Wednesday)
Red Owl Stores, Inc. .... **Debentures**
(Lehman Bros., J. M. Dain & Co. and Piper, Jaffray & Hopwood) $3,500,000

February 13 (Thursday)
Indiana & Michigan Electric Co. .... **Bonds**
(Bids noon EST) $25,000,000
Southwest Gas Corp. .... **Common**
(Eastman Dillon, Union Securities & Co.) 40,000 shares

February 17 (Monday)
Barton Distilling Co. .... **Notes**
(Fulton, Reid & Co., Inc.) $1,000,000

February 18 (Tuesday)
Gulf States Utilities Co. .... **Preferred**
(Bids 11 a.m.) $7,500,000
Montreal Transportation Commission, Que. .... **Debentures**
(Shields & Co., Halsey, Stuart & Co., White, Weld & Co., and Savard & Hart) $13,500,000
Niagara Mohawk Power Co. .... **Preferred**
(Harriman Ripley & Co. Inc.) $25,000,000

February 19 (Wednesday)
Norfolk & Western Ry. .... **Equip. Trust Ctfs.**
(Bids noon EST) $3,960,000
Spur Distributing Co. .... **Common**
(Bids 11 a.m. EST) 73,039 shares

February 20 (Thursday)
Gulf Power Co. .... **Bonds**
(Bids 11 a.m. EST) $8,000,000
New York State Electric & Gas Co. .... **Bonds**
(Bids 11 a.m. EST) $25,000,000
Northern Illinois Gas Co .... **Preferred**
(First Boston Corp. and Glore, Forgan Co., jointly) $10,000,000

February 24 (Monday)
Forest Laboratories, Inc. .... **Common**
(Alfred L. Powell & Co. and H. Carroll & Co.) $500,000
Pennsylvania Electric Co. .... **Bonds**
(Bids 11 a.m. EST) $29,000,000

February 25 (Tuesday)
Amsterdam (City of), The Netherlands .... **Bonds**
(White, Weld & Co.) $15,000,000
Central Illinois Public Service Co. .... **Bonds**
(Bids to be invited) $15,000,000
Cleveland Electric Illuminating Co. .... **Bonds**
(Bids 11 a.m. EST) $30,000,000

February 26 (Wednesday)
Southern New England Telephone Co. .... **Debens.**
(Bids 11 a.m. EST) $30,000,000
United Gas Corp. .... **Bonds**
(Bids noon EST) $30,000,000

February 27 (Thursday)
California Electric Power Co .... **Bonds**
(Bids 9 a.m. PST) $12,000,000

February 28 (Friday)
South Carolina Electric & Gas Co. .... **Common**
(Offering to stockholders—to be underwritten by Kidder, Peabody & Co., Inc.) 369,694 shares

March 3 (Monday)
Iowa Public Service Co. .... **Bonds**
(Bids to be invited) $10,000,000
Saxon Paper Corp. .... **Common**
(Milton D. Blauner & Co., Inc.) $450,000

March 4 (Tuesday)
Ohio Edison Co. .... **Bonds**
(Bids to be invited) $40,000,000
Public Service Electric & Gas Co. .... **Preferred**
(Merrill Lynch, Pierce, Fenner & Beane) $25,000,000

March 5 (Wednesday)
Iowa Illinois Gas & Electric Co. .... **Debentures**
(Bids to be invited) $9,000,000
Union Electric Co. .... **Bonds**
(Bids to be invited) $35,000,000

March 6 (Thursday)
Columbia Gas System .... **Debentures**
(Bids to be invited) $25,000,000
Virginia & Southwestern RR. .... **Bonds**
(Bids noon EST) $5,000,000

March 10 (Monday)
Merrimack-Essex Electric Co. .... **Bonds**
(Bids noon EST) $20,000,000

March 11 (Tuesday)
Indianapolis Power & Light Co. .... **Bonds**
(Bids to be invited) $8,000,000 to $10,000,000

March 12 (Wednesday)
Chicago, Rock Island & Pacific RR. .... **Bonds**
(Bids noon EST) $16,000,000
General Telephone Co. of California .... **Bonds**
(Bids to be invited) $20,000,000

March 18 (Tuesday)
Carolina Power & Light Co. .... **Bonds**
(Bids to be invited) $20,000,000

March 20 (Thursday)
Georgia Power Co. .... **Bonds**
(Bids 11 a.m. EST) $21,500,000

March 25 (Tuesday)
Florida Power & Light Co. .... **Bonds**
(Bids 11:30 a.m. EST) $20,000,000
New Jersey Bell Telephone Co .... **Debentures**
(Bids to be invited) $30,000,000

April 16 (Wednesday)
Mississippi Power & Light Co. .... **Bonds**
(Bids to be invited) $15,000,000
Sierra Pacific Power Co. .... **Common**
(Offering to stockholders) 57,362 shares

April 22 (Tuesday)
Consolidated Edison Co. of N. Y. Inc. .... **Bonds**
(Bids to be invited) $50,000,000

April 23 (Wednesday)
Sierra Pacific Power Co. .... **Bonds**
(Bids to be invited) $3,000,000

May 5 (Monday)
Philadelphia Electric Co. .... **Bonds**
(Bids to be invited) $40,000,000

May 13 (Tuesday)
United Gas Improvement Co. .... **Bonds**
(Bids to be invited) $12,000,000

May 20 (Tuesday)
Illinois Power Co. .... **Bonds**
(Bids to be invited) $25,000,000

July 1 (Tuesday)
Florida Power Corp. .... **Bonds**
(Bids to be invited) $25,000,000

June 3 (Tuesday)
Appalachian Electric Power Co. .... **Bonds**
(Bids to be invited) $25,000,000

June 10 (Tuesday)
Virginia Electric & Power Co. .... **Bonds or Debs.**
(Bids to be invited) $25,000,000

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two shares of stock. **Price**—$500 per unit. **Proceeds**—To purchase additional machinery and equipment to be leased to others. **Office**—525 Yeon Bldg., 522 S. W. 5th Ave., Portland 4, Ore. **Underwriter**—None.

★ Iowa-Illinois Gas & Electric Co. (3/5)
Feb. 5 filed $9,000,000 of convertible debentures due 1968. **Proceeds** — To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; Glore, Forgan & Co.; The First Boston Corp.; Harriman, Ripley & Co. Inc., Eastman Dillon, Union Securities & Co. and White, Weld & Co. (jointly); Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane; Equitable Securities Corp.; Blyth & Co. **Bids**—Expected on March 5.

★ Iowa Public Service Co. (3/3)
Jan. 31 filed $10,000,000 of first mortgage bonds due 1988. **Proceeds**—To repay bank loans and for construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Eastman Dillon, Union Securities & Co. and Salomon Bros. & Hutzler (jointly); Blair & Co. Inc.; White, Weld & Co.;The First Boston Corp., Kuhn, Loeb & Co. and A. C. Allyn & Co., Inc. (jointly); Kidder, Peabody & Co. and Blyth & Co. (jointly). **Bids**—Expected to be received on Mar. 3.

• Isthmus Steamship & Salvage Co., Inc.
Jan. 20 (letter of notification — as amended) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—To buy vessel and for working capital. **Office**—1214 Ainsley Bldg., Miami, Fla. **Underwriter**—Robert L. Ferman & Co., Washington, D. C.

Janaf, Inc., Washington, D. C.
July 30 filed $10,000,000 of 5½-8% sinking fund debentures due Aug. 1, 1972 and 100,000 shares of common stock (par 20 cents) to be offered in units of a $1,000 debenture and 10 shares of stock, or a $100 debenture and one share of stock. Price—Par for debenture, plus $2 per share for each 10 shares of Stock. Proceeds—For construction of a shopping center and other capital improvements; for retirement of present preferred shares; and for working capital, etc. Underwriter—None.

Koeller Air Products, Inc.
Nov. 25 (letter of notification) 150,000 shares of common stock (par five cents). **Price**—$2 per share. **Proceeds**—For capital expenditures, equipment, repayment of loans and working capital. **Business**—Welding and cutting equipment. **Office** — 253 Boulevard, Hasbrouck Heights, N. J. **Underwriter**—Pierre Rossini Co., Westwood, N. J.

Lefcourt Realty Corp., New York
Jan. 29 filed 250,000 shares of common stock (par 25 cents). **Price**—To be supplied by amendment. **Proceeds**—For development of property in Florida. **Underwriter**—Frank M. Cryan Co., Inc., New York.

★ Loomis-Sayles Mutual Fund, Inc.
Jan. 30 filed (by amendment) 200,000 additional shares of common stock (par $1). **Price**—At market. **Proceeds**—For investment. **Office**—Boston, Mass.

★ Massachusetts Investors Trust, Boston, Mass.
Jan. 31 filed (by amendment) 6,001,296.832 additional shares of beneficial interest. **Price**—At market. **Proceeds**—For investment.

Lorain Telephone Co., Lorain, Ohio
Dec. 13 (letter of notification) 1,785 shares of common stock (no par) to be offered for subscription by common stockholders at the rate of one new share for each 60.4364 shares held. **Price**—$28 per share. **Proceeds**—For additions and improvements. **Office**—203 West 9th St., Lorain, Ohio. **Underwriter**—None.

Matheson Co., Inc.
Jan. 17 (letter of notification) $299,000 of 6% sinking fund debentures due 1978. **Price**—Of debentures, issued in denominations $1,000 and $500. **Proceeds**—Refunding of outstanding Bonds, Debentures and increase working capital. **Office**—932 Paterson Plank Rd., East Rutherford, N. J. **Underwriters**—Mohawk Valley Investing Co. Inc., Utica, N. Y.; Security & Bond Co., Lexington, Ky.

Mineral Basin Mining Corp.
Dec. 30 (letter of notification) 200,000 shares of common stock. **Price** — At par ($1 par value). **Proceeds** — For mining expenses. **Office** — 1710 Hoge Bldg., Seattle 4, Wash. **Underwriter**—None.

★ Minnesota Development Corp., Minneapolis, Minn.
Jan. 30 filed 20,000 shares of capital stock (no par). **Price**—$50 per share. **Proceeds**—For general corporate purposes. **Underwriter**—None. Walter M. Ringer, Sr., of Minneapolis, Minn., is President.

• Montreal Transportation Commission (2/18)
Jan. 29 filed $13,500,000 of sinking fund debentures due Feb. 15, 1978 (guaranteed by City of Montreal). **Price**—To be supplied by amendment. **Proceeds**—To purchase new autobuses, construct new garage and for improvements and new equipment. **Underwriters**—Shields & Co.; Halsey, Stuart & Co. Inc.; White, Weld & Co.; and Savard & Hart; all of New York.

Motel Co. of Roanoke, Inc., Roanoke, Va.
Nov. 18 (letter of notification) 60,000 shares of common stock (par 40 cents). **Price**—$5 per share. **Proceeds**—For purchase of land, construction and working capital. **Underwriter**—Southeastern Securities Corp., New York.

Motel Corp. of Italy
Jan. 14 filed 20,000 shares of class A common stock and 10,000 shares of 7% cumulative convertible preferred, to be sold publicly at a unit price of $101, representing one share of preferred and two shares of common. **Proceeds**—To be invested in the stock of Motels Americano, an Italian organization. **Office**—Silver Springs, Maryland. **Underwriter**—None.

★ Multnomah Canadian Fund, Ltd., Vancouver, B. C.
Jan 31 filed 1,000,000 shares of class A common stock (par $1). **Price**—At market. **Proceeds**—For investment. **Business**—Investment company, with Spencer R. Collins of Eugene, Ore., as President.

Multnomah Kennel Club, Fairview, Ore.
Dec. 26 filed $250,000 of 10% unsecured debentures and 400,000 shares of class A non-voting common stock (par $1) to be offered in units of $250 of debentures and 400 class A shares. **Price** — $910 per unit. **Proceeds** — To repay bank loans and short-term unsecured notes. **Underwriter** — Stone, Moore & Co., Inc.; Denver, Colo. **Offering**—Expected early in February.

Municipal Investment Trust Fund, Inc. (N. Y.)
May 9 filed 5,000 units of undivided interests in Municipal Investment Trust Fund, Series A. **Price**—At market. **Proceeds**—For investment. **Sponsor**—Ira Haupt & Co., New York.

National Biochemicals, Inc.
Sept. 10 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For cost of plant and inventory and for general corporate purposes. **Office**—Room 202 Houston Title Bldg., Houston, Tex. **Underwriter**—Scott Taylor & Co., Inc., New York, N. Y.

National Bowlero, Inc., Cleveland, O.
Dec. 4 filed $900,000 of 5% 10-year debenture bonds, 9,000 shares of 4% non-cumulative preferred stock (par $100) and 15,000 shares of common stock (par $10) to be offered in units of $9,000 of bonds, 90 shares of preferred stock and 150 shares of common stock. **Price**—$19,500 per unit. **Proceeds**—For erection and operation of two bowling sports centers. **Underwriter**—None. William N. Skirball is President.

Natural Gas Pipeline Co. of America
Nov. 19 filed $40,000,000 of first mortgage pipeline bonds due 1977. **Price**—To be supplied by amendment. **Proceeds** — To reduce bank loans. **Underwriters** — Dillon, Read & Co. Inc. and Halsey, Stuart & Co. Inc., both of New York. **Offering**—Temporarily postponed.

New York State Electric & Gas Co. (2/20)
Jan. 24 filed $25,000,000 of first mortgage bonds due 1988. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and Salomon Bros. & Hutzler (jointly); Blyth & Co., Inc.; The First Boston Corp. and Glore, Forgan & Co. (jointly); Harriman Ripley & Co. Inc. **Bids**—Tentatively scheduled to be received by this company up to 11 a.m. (EST) on Feb. 20.

★ Niagara Mohawk Power Corp. (2/18)
Feb. 3 filed 250,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—To repay short-term notes and for construction program. **Underwriter**—Harriman Ripley & Co. Inc., New York.

Nichols, Inc., Exeter, N. H.
Nov. 14 filed 25,000 shares of common stock (no par). **Price**—$27 per share. **Proceeds**—To repay short term bank loans and for working capital. **Business** — Sells hatching eggs and day-old chicks. **Underwriter**—None. George E. Coleman, Jr., is President.

★ Nichols, Inc., Exeter, N. H.
Jan. 27 (letter of notification) 3,550 shares of common stock (no par). **Price**—$27 per share. **Proceeds** — For working capital. **Underwriter**—None.

North American Contracting Corp.
Dec. 27 (letter of notification) 169,500 shares of common stock (par 10 cents). **Price**—$1.75 per share. **Proceeds**—For working capital and expansion. **Office**—1526 Connecticut Ave., N. W. Washington 6, D. C. **Underwriters**—The Matthew Corp., Washington, D. C. and Ross Securities, Inc., New York, N. Y.

• North American Finance Co., Phoenix, Ariz.
Nov. 27 filed 300,000 shares of class B common stock (par $1). **Price**—$5 per share. **Proceeds**—For working capital and other corporate purposes. **Underwriter**—None. Sales to be made through Eugene M. Rosenson, President, and Marcus T. Baumann, Vice-President and Treasurer. Statement withdrawn Dec. 12.

★ Northern Illinois Gas Co. (2/20)
Jan. 31 filed 100,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—For property additions and improvements. **Underwriters** — The First Boston Corp. and Glore, Forgan & Co., both of New York.

Northern Natural Gas Co.
Jan. 10 filed 456,813 shares of common stock ($10 par value) being offered for subscription by stockholders of record Jan. 28, on the basis of one new share for each eight shares then held (with an oversubscription privilege); rights to expire Feb. 11. **Proceeds**—Completion of payment of 1957 construction expenditures, including repayment of remaining bank loans incurred for that purpose, also acquisition of distribution properties and purchase of securities issued by subsidiaries for their construction costs. Of the $105,000,000 construction outlays planned by company and subsidiaries in 1957 approximately $39,000,000 were not made and have been re-scheduled for 1958. **Price**—$47.75 per share. **Underwriter**—Blyth & Co., Inc., San Francisco and New York.

Nuclear Science & Engineering Corp.
Sept. 20 filed 100,000 shares of common stock (par 25 cents). **Price**—To be supplied by amendment. **Proceeds**—To prepay indebtedness to Norden-Ketay Corp., to purchase additional equipment and for working capital. **Underwriter**—Hayden, Stone & Co., New York. **Offering**—Temporarily postponed because of market conditions.

Oil & Mineral Operations, Inc.
Nov. 4 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—For development of oil and mineral properties. **Office**—208 Wright Bldg., Tulsa, Okla. **Underwriter**—Universal Securities Co., 201 Enterprise Bldg., Tulsa 3, Okla.

• Pan American Tool Co., Houston, Texas
Oct. 28 filed 165,000 shares of common stock (par $1) to be offered in blocks of not less than 3,000 shares. **Price**—To be supplied by amendment. **Proceeds** — To discharge trade accounts payable, to buy tools and equipment and for working capital. **Underwriter** — None. Statement effective Jan. 9.

Pennsylvania Electric Co. (2/24)
Jan. 16 filed $29,000,000 first mortgage bonds, due March 1, 1988. **Proceeds**—To be used, along with proceeds of previously-authorized sale of 500,000 shares of common stock to parent company, for repayment of short-term notes issued to finance 1957 construction program and to pay part of $41,500,000 construction outlay scheduled for 1958. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Harriman Ripley & Co. Inc. (jointly); Equitable Securities Corp.; Kidder, Peabody & Co., Merrill Lynch, Pierce, Fenner & Beane, Eastman Dillon, Union Securities & Co. and White, Weld & Co. (jointly). **Bids**—Tentatively scheduled to be received up to 11 a.m. (EST) on Feb. 24.

Peoples Security Investment Co.
Oct. 28 filed 1,000,000 preorganization subscriptions to class A voting common stock and 250,000 preorganization subscriptions to class B non-voting common stock to be offered in units of four class A shares and one class B share, the purchaser agreeing to donate each class B share to the Peoples Security Foundation for Christian Education, to be incorporated as a non-profit corporation. **Price**—$2 per share. **Proceeds** — For capital and surplus to finance a proposed insurance company to be named Peoples Security & Endowment Co. of America. **Office** — Montgomery, Ala. **Underwriter** — None. T. J. Patterson is President.

Pittsburgh Brewing Co., Pittsburgh, Pa.
Nov. 15 filed $5,646,750 of 5% sinking fund income subordinated debentures due Oct. 31, 1992; 112,935 shares of common stock (par $1); and 451,740 warrants to purchase 451,740 additional shares of common stock being offered in units of $50 of debentures, one common share, warrants to purchase four common shares plus $1 in cash. These units are to be issued in exchange for each outstanding share of preferred stock (par $25) plus accrued dividends. The offer will expire on Jan. 31, 1958. **Purpose**—To eliminate or reduce preferred dividend arrearages. **Underwriter**—None. Statement effective Dec. 13.

Pleasant Valley Oil & Mining Corp.
Sept. 30 (letter of notification) 2,000,000 shares of common stock. **Price**—At par (five cents per share). **Proceeds** — For geological studies, reserve for contingent liability, for machinery and equipment and other reserves. **Office** — 616 Judge Bldg., Salt Lake City, Utah. **Underwriter**—Steven Randall & Co., Inc., New York.

★ Premier Pharmaceutical Corp., Buffalo, N. Y.
Jan. 29 filed 100,000 shares of 6% preferred stock (par $10) and 100,000 shares of common stock (par $1) to be offered in units of one share of each class of stock. **Price**—$11 per unit. **Proceeds**—To build or lease plant, for new equipment and for working capital and other corporate purposes. **Underwriter**—Girard Securities, Inc., Buffalo, N. Y.

Professional Life & Casualty Co., Champaign, Ill.
Dec. 16 filed 120,000 shares of common stock. **Price**—$15 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—None.

Public Service Electric & Gas Co. (3/4)
May 29 filed 250,000 shares of cumulated preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds** — To repay bank loans and for new construction. **Underwriter** — Merrill Lynch, Pierce, Fenner & Beane, New York. Negotiations to sell these securities were discontinued last June because of unsettled market conditions at that time, but have now been resumed.

Public Savings Life Insurance Co.
Nov. 29 filed 113,000 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Proceeds**—To Public Savings Insurance Co., the selling stockholder. **Office**—Charleston, S. C. **Underwriter**—None.

Red Owl Stores, Inc. (2/12)
Jan. 20 filed $3,500,000 of convertible subordinated debentures due 1978. **Price**—To be supplied by amendment. **Proceeds**—For expansion program. **Underwriters**—Lehman Brothers; J. M. Dain & Co., Inc.; and Piper, Jaffray & Hopwood.

Reichhold Chemcials, Inc.
Oct. 10 filed 200,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For expansion program and working capital. **Underwriter**—Blyth & Co., Inc., New York. **Offering**—Postponed temporarily.

Resolute Bay Trading Co., Ltd.
Oct. 29 (letter of notification) 30,000 shares of common stock. **Price**—At par ($5 per share). **Proceeds**—For working capital, etc. **Business**—Purchase of commodities. **Office**—St. John, N. B., Canada. **Underwriter**—Irving Weis & Co., New York.

Resolite Corp., Zelienople, Pa.
Dec. 6 filed 20,000 shares of common stock to be offered for subscription by stockholders of record Dec. 1, 1957 in the ratio of 3½ new shares for each 10 shares held; unsubscribed shares to be offered to public. **Price**—$10 per share. **Proceeds**—To pay $100,000 outstanding obligations and for improvement and rehabilitation of plant

nd facilities. **Business**—Fiberglass panels. **Underwriter** —None.

Rocky Mountain Quarter Racing Association
ct. 31 (letter of notification) 300,000 shares of common ock. **Price**—At par ($1 per share). **Proceeds**—To re-ay outstnding indebtedness. **Office** — Littleton, Colo. nderwriter—R. B. Ford Co., Windover Road, Memphis, enn.

Royal Dutch Petroleum Co.
ec. 20 filed 7,602,285 shares of capital stock being of-ered for subscription by stockholders of record Jan. 17, 958 on the basis of one new snare for each eight shares eld; rights to expire on Feb. 10. **Price** — $30 or 114 uilders per share. **Proceeds**—To be made availale to the oyal-Shell Group of companies for their capital and xploration expenditure programs. **Underwriter**—Mor-an Stanley & Co., New York, heads list of American nderwriters.

★ **Saxon Paper Corp., New York (3/3)**
an. 31 filed 112,500 shares of common stock (par 25 ents). **Price** — $4 per share. **Proceeds** — Working cap-al. **Underwriter**—Milton D. Blauner & Co., Inc., New ork.

Schering Corp., Bloomfield, N. J.
ept. 19 filed 278,983 shares of 5% cumulative con-ertible preferred stock (par $30) and 418,475 shares of ommon stock (par $1) to be issued in exchange for tock of White Laboratories, Inc. (which is to be merged ith Schering Corp effective Sept. 19, 1957) on the asis of one share of preferred stock and 1½ shares of ommon stock for each White class A or class B com-ion share held. **Underwriter**—None.

Scientific Industries, Inc.
ec. 27 (letter of notification) $120,000 6% convertible inking fund debentures, due Feb. 1, 1968, convertible, xcept as provided in case of redemption, into common tock (5 cent par value) at a price of $1 per share. **Price** —At par. **Proceeds** — For expansion of plant in the anufacture of laboratory and scientific instruments nd to build up company's new electronics division. **Of-ice** — 15 Park St., Springfield, Mass. **Underwriter** — Villis E. Burnside & Co., Inc., New York City.

Sentinel Security Life Insurance Co.
Nov. 27 filed 5,000 shares of common stock (par $10). **Price**—To be supplied by amendment. **Proceeds**—For vorking capital. **Office**—Salt Lake City, Utah. **Under-writer**—None.

● **"Shell" Transport & Trading Co., Ltd. (2/10)**
Dec. 20 filed a maximum of $12,600,000 of New York hares (representing a like amount of ordinary shares) being offered for subscription by holders of ordinary hares, including stock represented by New York shares of record Jan. 17, 1958, on a 1-for-10 share basis; rights o expire March 3. This represents 10% of the total offering by the company, which 10% is to be offered for ubscription by American residents. **Price**—5 pounds, en shillings; $15.40 at current official exchange rate. **Proceeds** — For exploration programs. **Underwriter** — None in the United States. Statement effective Jan. 20.

Sheraton Properties, Inc., Boston, Mass.
Dec. 30 filed $990,000 of first mortgage sinking fund bonds due Dec. 1, 1973. **Price**—At par. **Proceeds**—To repay indebtedness. **Underwriter** — Sheraton Securities Corp., a subsidiary.

Shopping Centers Corp., Pittsburgh, Pa.
Dec. 17 filed 50,000 shares of common stock (par $2.50) and $2,500,000 of debenture bonds to be offered in units of one share of stock and one $50 bond. **Price**—$52.65 per unit. **Proceeds** — For construction, ownership and management of shopping centers, luxury hotels and other commercial property. **Underwriter** — None. **Offering** to be made through Akiba Zilberberg, 5857 Phillips Ave., Pittsburgh 19, Pa., the company's President.

Simplicity Pattern Co. Inc.
Oct. 10 filed 155,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To two selling stockholders. **Underwriter**—Merrill Lynch, Pierce, Fenner & Beane, New York. **Offering** — Indefinitely postponed.

★ **South Carolina Electric & Gas Co. (2/28)**
Feb. 4 filed 369,694 additional shares of common stock (par $4.50) to be offered for subscription by common stockholders of record Feb. 28 on basis of one new share for each 10 shares held (with an oversubscription privilege); rights to expire about March 14. **Price** — To be supplied by amendment. **Proceeds**—To repay bank loans and for new construction. **Underwriter** — Kidder, Peabody & Co., New York.

Southern California Edison Co. (2/11)
Jan. 27 filed 1,000,000 shares of cumulative preferred stock (par $25). **Price** — To be supplied by amendment. **Proceeds**—To repay bank loans and for construction program. **Underwriters**—The First Boston Corp., New York; and Dean Witter & Co., Los Angeles, Calif.

Southern Electric Steel Co.
Dec. 23 (letter of notification) $300,000 of 6% second mortgage serial bonds (with common stock purchase warrants). **Price**—At par (in denominations of $1,000 each). **Proceeds**—For payment of demand notes payable and working capital. **Office**—2301 Huntsville Road, Birmingham, Ala. **Underwriter**—None.

★ **Southern New England Telephone Co. (2/26)**
Feb. 4 filed $30,000,000 of 33-year debentures due March 1, 1991. **Proceeds**—To repay advances from American Telephone & Telegraph Co. and for additions and improvements to property. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; White, Weld & Co. and Kidder, Peabody & Co. (jointly); Lehman Brothers and Salomon Bros. & Hutzler (jointly); The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane. **Bids**—Scheduled to be received up to 11 a.m. (EST) on Feb. 26 at Room 2315, 195 Broadway, New York, N. Y.

Southern Oxygen Co. (2/10-14)
Jan. 20 filed $1,500,000 convertible subordinated debentures due in 1968. **Proceeds**—Purchase of equipment and new capital. **Price**—To be supplied by amendment. **Underwriter**—Johnston, Lemon & Co., Washington, D. C.

Southwest Gas Corp. (2/13)
Jan. 22 filed 40,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To repay short-term bank loans and for construction program. **Underwriter** — Eastman Dillon, Union Securities & Co., New York.

Southwest Grease & Oil Co., Inc.
Jan. 17 (letter of notification) 35,290 shares of common stock (par $7.50) to be offered for subscription by common stockholders about Feb. 3 on a 1-for-4 basis. **Price** —$7.75 per share. **Proceeds**—For the acquisition of Battenfeld Grease & Oil Corp. **Office** — 220 W. Waterman St., Wichita, Kan. **Underwriters** — Small-Milburn Co.; Lathrop, Herrick & Clinger, Inc.; and Brooks & Co. of Wichita, Kan. and Barret, Fitch, North & Co., Kansas City, Mo.

Sovereign Resources, Inc.
Nov. 19 (letter of notification) 1,500 shares of 7% cumulative preferred stock. **Price**—At par ($100 per share). **Proceeds**—For construction, payment of promissory note and working capital. **Office**—3309 Winthrop St., Fort Worth, Tex. **Underwriter**—Reilly, Hoffman & Sweeney, Inc., New York, N. Y. **Offering**—Delayed.

★ **State Bond & Mortgage Co., New Ulm, Minn.**
Jan. 29 filed (by amendment) $16,000,000 of accumulative certificates, viz: $1,000,000 series 108; $5,000,000 series 115; and $10,000,000 series 120.

★ **Statewide Life Insurance Corp.**
Jan. 28 (letter of notification) 196,458 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—To increase capital and surplus. **Office** — 110 West Indian School Road, Phoenix, Ariz. **Underwriter** — Statewide Benefit Insurance Co., Phoenix, Ariz.

Stuart-Hall Co., Inc., Kansas City, Mo.
Nov. 27 filed $650,000 of 20-year 6% convertible debentures due Dec. 15, 1977. **Price**—At par (in denominations of $1,000 each). **Proceeds**—For working capital and to reduce bank loans. **Underwriter**—White & Co., St. Louis, Mo. **Offering**—Expected this week.

Superior Commercial Corp., New York
Sept. 16 filed 256,300 shares of class A common stock (par one cent), of which 233,000 shares are to be sold for account of the company and 23,300 shares for the account of Ben Degaetano, President of the underwriter. **Price**—$1.50 per share. **Proceeds**—For working capital to be used in realty financing activities. **Former Name**—Allstate Commercial Corp. **Underwriter**—Midland Securities, Inc., New York.

● **Surinam Corp., Houston, Tex.**
Oct. 21 filed 10,000,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For exploration and exploitation of oil, gas and sulphur properties. **Underwriter**—T. J. Campbell Investment Co., Inc., Houston, Tex. Stop order proceedings instituted by SEC on Jan. 27.

★ **Swift & Co., Chicago, Ill.**
Jan. 31 filed 4,105 shares of common stock (par $25) to be deliverable only upon exercise of stock purchase options issued to eligible officers and other management employees of the company and its subsidiaries under a stock option plan.

Tax Exempt Bond Fund, Inc., Washington, D. C.
June 20 filed 40,000 shares of common stock. **Price**—$25 per share. **Proceeds** — For investment. **Underwriter**—Equitable Securities Corp., Nashville, Tenn. **Offering**—Held up pending passing of necessary legislation by Congress.

Taylor Instrument Companies
Oct. 1 filed 99,195 shares of common stock (par $10) to be offered for subscription by common stockholders on the basis of one new share for each four shares held. **Price**—To be supplied by amendment. **Proceeds** — To retire short term bank loans and for working capital and general corporate purposes. **Office** — Rochester, N. Y. **Underwriter**—The First Boston Corp., New York. **Offering**—Indefinitely postponed.

Tekoil Corp., Dallas, Texas
Dec. 9 filed 677,408 shares of common stock, of which 377,408 shares are to be issued for the account of selling stockholders and the remaining 300,000 shares issued from time to time in exchange for oil and gas properties. Of the 377,408 shares, 132,558 shares, 61,392 shares and 47,606 shares, respectively, are to be issued as dividends to stockholders of Texolina Oil Co., Mountain Valley Oil Corp. and Trigg Drilling Co.; while 57,239 are to be offered immediately to the public, while the balance of 78,613 shares are to be similarly offered in the near future. **Price**—To be supplied by amendment. **Proceeds** —To selling stockholders. **Underwriter**—None.

★ **Tenney Engineering, Inc., Montclair, N. J.**
Jan. 29 (letter of notification) 99,333 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To repay outstanding bank loans and for general corporate purposes. **Office**—44 Harvard St., Montclair, N. J. **Underwriters**—Milton D. Blauner & Co., Inc., New York, N. Y.; Hallowell, Sulzberger & Co., Philadelphia, Pa.; and Michael G. Kletz & Co., Inc., New York, N. Y.

● **Texam Oil Corp., San Antonio, Texas**
May 29 filed 300,000 shares of common stock (par $1), to be offered for subscription by common stockholders on a basis of two new shares for each share held. **Price** —To be supplied by amendment. **Proceeds**—To repay indebtedness, for acquisition and exploration of oil and gas leases, for drilling and completion of wells, and for other corporate purposes. **Underwriter**—None. Statement was subsequently withdrawn due to market conditions.

Thrift Investment Corp.
Dec. 27 (letter of notification) 38,642 shares of common stock (par $1) being offered for subscription by common stockholders of record Jan. 8, 1958, on the basis of one new share for each seven shares then held; warrants to expire on Feb. 7, 1958. **Price**—$6.15 per share. **Proceeds**—For working capital and surplus. **Office**—2 Gateway Center, Pittsburgh 22, Pa. **Underwriter**—McKelvy & Co., Pittsburgh, Pa.

Tourist Industry Development Corp. Ltd.
Jan. 14 filed $2,250,000 7% perpetual subordinated debentures (4% fixed interest and 3% of earned), to be sold at par in denominations of $1,000 and multiples thereof. **Proceeds**—To acquire mortgages or other liens on real estate, also for loans to or invested in hotels, resorts or inland transport. **Office**—Jerusalem, Israel. **Underwriter**—None.

Town & Country Securities Corp.
Dec. 20 filed 250,000 shares of common stock (no par). **Price**—$4 per share. **Proceeds** — For working capital. **Office**—442 W. California Road, Fort Wayne, Ind. **Underwriter**—None.

Trans-America Uranium Mining Corp.
Nov. 6 filed 3,000,000 shares of common stock (par one mill). **Price**—25 cents per share. **Proceeds**—For land acquisition, exploratory work, working capital, reserves, and other corporate purposes. **Underwriter**—None. Alfred E. Owens of Waterloo, Ia., is President.

Trask Manufacturing Co.
Dec. 5 (letter of notification) 15,000 shares of common stock (par $5). **Price** — $4.50 per share. **Proceeds** — For working capital and payment of current liabilities. **Address**—Wrightsboro section, 3 miles north of Wilmington, N. C. **Underwriter** — Selected Investments, Wilmington, N. C.

Ulrich Manufacturing Co.
Sept. 24 filed $600,000 of 6% sinking fund debentures and 30,000 shares of class A common stock (par $1) to be offered in units of $500 of debentures and 25 shares of stock. **Price**—To be supplied by amendment. **Proceeds**—To reduce bank loans, to repay all or part of an outstanding 5% term loan and/or provide additional working capital. **Office**—Roanoke, Ill. **Underwriter**—White & Co., St. Louis, Mo., on a best-efforts basis.

★ **United Gas Corp., Shreveport, La. (2/26)**
Feb. 3 filed $30,000,000 of first mortgage and collateral trust bonds due 1978. **Proceeds**—To purchase $27,000,000 of first mortgage bonds of United Gas Pipe Line Co., wholly-owned subsidiary; to purchase additional securities of Union Producing Co., another subsidiary; and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp., Harriman Ripley & Co. Inc. and Goldman, Sachs & Co. (jointly); Kuhn, Loeb & Co.; White, Weld & Co. and Equitable Securities Corp. (jointly). **Bids**—Tentatively scheduled to be received up to noon (EST) on Feb. 26.

United States Sulphur Corp.
Oct. 8 filed 1,500,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For plant rental, etc.; to retire corporate notes; for core drilling; for working capital; and for other exploration and development work. **Office** — Houston, Texas. **Underwriter** — None.

Uranium Corp. of America, Portland, Ore.
April 30 filed 1,250,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment (expected to be $1 per share). **Proceeds**—For exploration purposes. **Underwriter**—To be named by amendment. Graham Albert Griswold of Portland, Ore., is President.

Washington National Development Corp.
Oct. 2 (letter of notification) 50,000 shares of common stock (par $1) of which 34,280 shares are to be offered publicly at $1.20 per share and 15,720 shares are to be offered to certain individuals under options. **Proceeds**—For general corporate purposes. **Office** — 3612 Quesada St., N. W., Washington, D. C. **Underwriter**—Wagner & Co., New York City.

Western Copperada Mining Corp. (Canada)
Aug. 30 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For development and exploratory work, drilling costs and survey, and for working capital. **Office** — 1205 Phillips Square, Montreal, Canada. **Underwriter**—Jean R. Veditz Co., Inc., New York.

★ **Western Oil & Minerals, Inc.**
Jan. 20 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To explore for oil, gas and minerals. **Office**—710 So. 4th St., Las Vegas, Nev. **Underwriter**—None.

Worldmark Press, Inc.
Dec. 20 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For working capital and general corporate purposes. **Office**—207 East 43rd Street, New York, N. Y. **Underwriter**—J. A. Winston & Co., Inc., New York.

Young (Donald W.) & Son, Inc.
Nov. 14 (letter of notification) $75,000 of 10-year 6% debentures due Oct. 1, 1967, with common stock warrants to purchase 7,500 shares of 10-cent par common stock at $1 per share. **Price**—$100 per unit of a $100 debenture and one warrant. **Proceeds**—To repay short term debt and for working capital. **Office**—Stockholm, N. Y. **Underwriter** — Sherry, Maloney & Co., Inc., New York.

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Prospective Offerings

American Electronics, Inc.
Dec. 30 it was reported company plans to sell approximately $3,500,000 convertible debentures. **Underwriters**—To be determined by competitive bidding. Probable bidders: Van Alstyne, Noel & Co. and Crowell, Weedon & Co. (jointly). **Offering**—Expected in March.

Appalachian Electric Power Co. (6/3)
Dec. 2, it was reported that this company, a subsidiary of American Gas & Electric Co., plans to issue and sell $25,000,000 of first mortgage bonds. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kuhn, Loeb & Co. and Eastman Dillon, Union Securities & Co. (jointly); Harriman Ripley & Co. Inc. **Bids**—Tentatively expected to be received on June 3.

Associates Investment Co.
Jan. 23 it was reported company plans to issue and sell some additional debentures (amount not yet determined). **Underwriters** — Salomon Bros. & Hutzler and Lehman Brothers, both of New York. **Offering**—Expected before July 1.

Atlantic City Electric Co.
Jan. 20 it was reported company plans to issue and sell in 1958 $10,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co. and Smith, Barney & Co. (jointly); Blyth & Co., Inc.; The First Boston Corp. and Drexel & Co. (jointly); White, Weld & Co. and Shields & Co. (jointly).

Baltimore Gas & Electric Co.
Feb. 1 it was announced company may issue and sell about $30,000,000 of first mortgage bonds early in March. **Proceeds**—For construction program. **Underwriter** — For bonds, to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and The First Boston Corp. (jointly); Harriman Ripley & Co. Inc. and Alex. Brown & Sons (jointly); Kuhn, Loeb & Co. **Registration**—Expected early in February.

Boston Edison Co.
Jan. 27 it was reported company may issue and sell in the second or third quarter of this year some additional first mortgage bonds and preferred stock. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—For bonds to be determined by company, with prospective bidders including Halsey, Stuart & Co. Inc.; The First Boston Corp.; White, Weld & Co.; Lehman Brothers and Harriman Ripley & Co. Inc. (jointly). **For** preferred stock, The First Boston Corp., New York.

Brooklyn Union Gas Co.
Nov. 25 it was announced that company expects to issue and sell $22,000,000 of first mortgage bonds next April or May. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Blyth & Co., Inc., and F. S. Moseley & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane; Harriman Ripley & Co. Inc. and The First Boston Corp. (jointly); White, Weld & Co.

Carolina Power & Light Co. (3/18)
Jan. 22 it was announced that company plans to issue and sell $20,000,000 of first mortgage bonds due 1988. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Lehman Brothers; Blyth & Co., Inc.; W. C. Langley & Co. and The First Boston Corp. (jointly); Equitable Securities Corp. **Bids**—Tentatively scheduled to be received on March 18.

Central Hudson Gas & Electric Corp.
Jan. 22 it was reported company plans to issue and sell in June or July 1958 $18,000,000 of first mortgage bonds. This may be done privately.

Central Illinois Light Co.
Jan. 22 it was announced stockholders will vote March 27 on increasing the authorized preferred stock (par $100) from 250,000 shares to 500,000 shares. **Underwriter**—Eastman Dillon, Union Securities & Co., New York.

Chicago District Pipeline Co.
Nov. 12 it was announced company plans to sell about $5,000,000 of first mortgage bonds sometime after the turn of the year. **Proceeds**—To repay advances made by Peoples Gas Light & Coke Co., the parent. **Underwriters**—Probably Dillon, Read & Co. Inc. and Halsey, Stuart & Co. Inc.

• Chicago Rock Island & Pacific RR. (3/12)
Jan. 28 it was announced company plans to issue and sell $16,000,000 first mortgage bonds due 1983. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Eastman Dillon, Union Securities & Co. and Blyth & Co. (jointly); First Boston Corp.; Kuhn, Loeb & Co. **Bids**—To be received up to noon (EST) on March 12.

Cincinnati Gas & Electric Co.
Nov. 8 it was reported company plans in 1958 to sell about $15,000,000 of first mortgage bonds. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. and W. E. Hutton & Co. (jointly); Blyth & Co. Inc. and The First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Beane and Lehman Bros. (jointly); Eastman Dillon, Union Securities & Co. and White, Weld & Co. (jointly).

Citizens & Southern National Bank of Savannah, Ga.
Jan. 15 it was reported Bank plans to offer to its stockholders the privilege of subscribing for 100,000 additional shares of capital stock in about 60 days. **Underwriter**—None.

Columbia Gas System, Inc. (3/6)
Dec. 23 it was reported company plans to issue and sell $25,000,000 of 25-year debentures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Morgan Stanley & Co.; Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly). **Bids**—Tentatively expected to be received on March 6.

Columbus & Southern Ohio Electric Co.
Dec. 9 it was reported company plans to issue and sell in 1958 about 250,000 shares of common stock. **Underwriters** — Dillon, Read & Co. Inc. and The Ohio Co. (jointly).

Consolidated Edison Co. of N. Y., Inc. (4/22)
Jan. 28 directors authorized an issue of $50,000,000 first and refunding mortgage bonds. **Proceeds**—To repay bank loans. **Underwriter**—To be determined through competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp. **Bids**—To be received on April 22.

Consolidated Natural Gas Co.
Company reportedly plans to issue and sell approximately $45,000,000 debentures. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; White, Weld & Co. and Paine, Webber, Jackson & Curtis (jointly); Morgan Stanley & Co. and First Boston Corp. (jointly).

Delaware Power & Light Co.
Jan. 22 it was reported company plans to issue and sell $10,000,000 of first mortgage bonds due 1988. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and Shields & Co. (jointly); Eastman Dillon, Union Securities & Co.; The First Boston Corp. and Blyth & Co., Inc. (jointly); Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co. (jointly). **Offering**—Expected in June.

• Duquesne Light Co.
Jan. 29 it was announced company plans to sell not exceeding $15,000,000 of first mortgage bonds due 1988. **Proceeds** — To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; White, Weld & Co.; Glore, Forgan & Co.; Kuhn, Loeb & Co.; Eastman Dillon, Union Securities & Co., and A. C. Allyn & Co. Inc. (jointly); Drexel & Co. and Equitable Securities Corp. (jointly). **Bids**—Tentatively expected to be received some time in April.

★ Florida Power Corp. (7/1)
Jan. 29 it was reported corporation plans to issue and sell $25,000,000 of first mortgage bonds due 1988. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith (jointly); Lehman Brothers and Blyth & Co., Inc. (jointly); Eastman Dillon, Union Securities & Co., and Harriman Ripley & Co. Inc. (jointly); The First Boston Corp. **Bids**—Expected to be received on July 1.

• Florida Power & Light Co. (3/25)
Jan. 30 it was reported company may issue and sell $20,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co. (jointly); The First Boston Corp. **Bids** — To be received up to 11:30 a.m. (EST) on March 25. **Registration**—Expected Feb. 25.

• General Telephone Co. of California (3/12)
Jan. 16 it was reported company plans to issue and sell $20,000,000 of first mortgage bonds, due March 1, 1988. **Underwriter** — May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and Kidder, Peabody & Co. (jointly); Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp. (jointly); Equitable Securities Corp. **Bids**—To be received on March 12.

Georgia Power Co. (3/20)
Dec. 6 it was announced company plans to issue and sell $21,500,000 of first mortgage bonds due 1988. **Proceeds**—To finance construction program. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Lehman Brothers; The First Boston Corp.; Blyth & Co., Inc., Kidder, Peabody & Co. and Shields & Co. (jointly); Equitable Securities Corp. and Eastman Dillon, Union Securities & Co. (jointly). **Bids**—Scheduled to be received up to 11 a.m. (EST) on Feb. 20. **Registration**—Planned for Feb. 21.

Gulf, Mobile & Ohio RR.
Dec. 20 ICC granted company permission to issue $28,343,800 of 5% income debentures to mature Dec. 1, 2056, in exchange for the 283,438 shares of outstanding $5 preferred stock (no par) on the basis of $100 of debentures for each preferred share. Offer expires Feb. 14, 1958, but may be extended. **Underwriter**—None.

★ Gulf States Utilities Co.
Jan. 29 it was reported company plans to issue and sell in May $20,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith and White, Weld & Co. (jointly); Salomon Bros. & Hutzler and Eastman Dillon, Union Securities & Co. (jointly); Lehman Brothers; Stone & Webster Securities Corp.; Kuhn, Loeb & Co.

★ Gulf States Utilities Co.
Jan. 29 it was reported company plans to issue and sell 200,000 shares of common stock. **Underwriter** — To be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Smith and Lehman Brothers (jointly); Stone & Webster Securities Corp. **Bids**—Tentatively expected to be received in May.

• Illinois Power Co. (5/20)
Jan. 29 it was reported company plans to issue $25,000,000 of first mortgage bonds. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co.; White, Weld & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); The First Boston Corp.; Harriman Ripley & Co. Inc. **Bids**—To be received on May 20.

Indianapolis Power & Light Co. (3/11)
Jan. 6 it was announced that company expects to issue and sell $8,000,000 to $10,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co.; White, Weld & Co. and Shields & Co. (jointly); Blyth & Co.; Kuhn, Loeb & Co.; Lehman Brothers and Goldman, Sachs & Co. and First Boston Corp. (jointly); Equitable Securities Corp. **Bids**—Expected March 11.

Kentucky Utilities Co.
Jan. 21 it was reported company plans to issue and sell $10,000,000 of first mortgage bonds. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; Lee Higginson Corp.; Equitable Securities Corp.; Eastman Dillon, Union Securities & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Kidder, Peabody & Co. and White, Weld & Co. (jointly); Kuhn, Loeb & Co. **Offering**—Expected in September or October.

Kentucky Utilities Co.
Jan. 21 it was also reported that company may offer approximately 165,000 additional shares of its common stock to its common stockholders on a 1-for-15 basis. **Underwriters**—Blyth & Co., Inc. and J. J. B. Hilliard & Son.

Litton Industries, Inc.
Dec. 14 stockholders approved the creation of an issue of 16,000 shares of $100 par preferred stock and an increase in the authorized common stock from 2,000,000 to 3,500,000 shares. **Underwriters** — Lehman Brothers and Clark, Dodge & Co. handled last equity financing which was done privately.

Louisiana Power & Light Co.
Dec. 16, it was announced company may borrow $11,500,000 from banks pending a final financing program relating to the disposition of its gas properties to Louisiana Gas Service Co., a new company.

★ Louisville & Nashville RR. (2/10)
Bids are expected to be received by this company up to noon (EST) on Feb. 10 for the purchase from it of $7,035,000 equipment trust certificates due 1959-1973, inclusive. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

★ Master Fund, Inc., Fairfield, Calif.
Jan. 27 it was announced this newly organized investment company plans to offer to bona fide residents of California 10,000 shares of capital stock (par $1). Price—$10 per share, less an underwriting discount of [illegible]%. **Proceeds**—For investment.

Merrimack-Essex Electric Co. (3/10)
Jan. 20 company announced intention to issue $20,000,000 series C first mortgage bonds, due in 1988. **Proceeds**—To redeem like amount of series B 5⅝s of 1987. **Underwriter**—To be determined by competitive bidding. Probable bidders: Kidder, Peabody & Co. and White, Weld & Co., (jointly); Halsey, Stuart & Co. Inc., and First Boston Corp. **Bids**—To be opened at noon on March 10. **Registration**—Expected early in February.

Missiles-Rockets-Jets & Automation Fund, Inc.
On Jan. 7 this new fund registered under the Investment Company Act of 1940. Plans to issue $15,000,000 common stock, of which $7,500,000 will be underwritten on a firm basis by Ira Haupt & Co. **Price**—$10. **Proceeds**—For investment. **Technological Advisors**—Include Dr. Theodore von Karman, Chairman of the advisory group for aeronautical research and development of NATO.

• Mississippi Power & Light Co. (4/16)
Jan. 29 it was announced company plans to issue and sell $15,000,000 of first mortgage bonds due 1988. **Underwriter**—to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; Equitable Securities Corp. and Shields & Co. (jointly); Blyth & Co., Inc.; Merrill Lynch, Pierce, Fenner & Beane, Eastman Dillon, Union Securities & Co., White, Weld & Co. and Kidder, Peabody & Co. (jointly); The First Boston Corp. **Bids** — Tentatively expected to be received on April 16.

★ New Jersey Bell Telephone Co. (3/25)
Jan. 30 the directors approved the sale of $30,000,000 debentures. **Proceeds**—To redeem a like amount of 4⅞% debentures due 1993 on or about April 28. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and Shields & Co. (jointly); Morgan Stanley & Co.; The First Boston Corp. **Bids**—Tentatively expected to be received on or about March 25.

New Orleans Public Service Inc.
Dec. 4 it was announced company plans to issue and sell $6,000,000 of first mortgage bonds in the Spring of 1958. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lee Higginson Corp.; Equitable Securities Corp. and Eastman

Dillon, Union Securities & Co. (jointly); Kidder, Peabody & Co. and Stone & Webster Securities Corp. (jointly); White, Weld & Co.; Salomon Bros. & Hutzler.

• Norfolk & Western Ry. (2/19)
Bids are expected to be received by this company up to noon (EST) on Feb. 19 for the purchase from it of $3,960,000 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Northern States Power Co. (Minn.)
Jan. 13 it was reported that the company may be considering the issue and sale this Summer of about $25,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Blyth & Co., Inc. (jointly); Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly); Lehman Brothers and Riter & Co. (jointly); Equitable Securities Corp. and Eastman Dillon, Union Securities & Co. (jointly).

• Ohio Edison Co. (3/4)
Jan. 29 it was reported company plans to offer $40,000,000 first mortgage bonds due 1988. **Proceeds**—To repay bank loans, etc. and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan, Stanley & Co.; First Boston Corp.; Glore, Forgan & Co., White, Weld & Co. and Eastman Dillon, Union Securities & Co. (jointly). **Bids**—Expected on March 4.

• Oklahoma Gas & Electric Co.
Feb. 3 it was reported company plans to issue and sell $15,000,000 of bonds this year. **Underwriter**—To be determined by competitive bidding. Probable bidders: (1) For bonds—Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; The First Boston Corp.; Kuhn, Loeb & Co., Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly); Harriman Ripley & Co. Inc. and Eastman Dillon, Union Securities & Co. (jointly).

Pacific National Bank, San Francisco, Calif.
Jan. 28 it was announced stockholders will vote Feb. 11 on approving a proposed offer of 44,708 additional shares of common stock (par $20) to stockholders at the rate of one new share for each four shares held. **Price**—$37.50 per share. **Proceeds** — To increase capital and surplus. **Underwriters** — Elworthy & Co.; Schwabacher & Co.; Davis Skaggs & Co.; Pfluger & Baerwald; and J. Barth & Co.; all of San Francisco, Calif.

Pacific Telephone & Telegraph Co.
Jan. 8 it was reported company plans $300,600,000 capital outlay program. **Proceeds**—For construction program in 1958 and 1959 ($137,000,000 in 1958). **Underwriter**—To be determined by competitive bidding. Probable bidders— Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.

★ Pevely Dairy Co. (Mo.) (2/11)
Bids will be received at the office of G. H. Walker & Co., St. Louis, Mo., at 3:30 p.m. on Feb. 11 for the purchase from the Estate of Daniel M. Kerckhoff, deceased, of up to 615 shares of Pevely common stock. Minimum bid which will be received is $270 per share.

• Philadelphia Electric Co. (5/5-9)
Jan. 27 it was reported company plans to issue and sell in May, subject to market conditions, $40,000,000 of first mortgage bonds due 1988. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; White, Weld & Co.; Morgan Stanley & Co. and Drexel & Co. (jointly). **Bids**—Expected week of May 5.

Public Service Co. of Oklahoma
Jan. 20 it was reported company plans to issue and sell in May $16,000,000 of first mortgage bonds due 1988. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.: and Shields & Co. (jointly); Blyth & Co., Inc.; Salomon Bros. & Hutzler; Kuhn, Loeb & Co. and Eastman Dillon, Union Securities & Co. (jointly); The First Boston Corp.; Glore, Forgan & Co.; Equitable Securities Co.

★ Puget Sound Paper & Light Co.
Jan. 29, Frank McLaughlin, President, announced company plans to issue and sell $30,000,000 of first mortgage bonds. **Proceeds**—To redeem $20,000,000 of 6¼% series bonds due 1987 and to finance new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc. and Lehman Brothers (jointly); Stone & Webster Securities Corp., The First Boston Corp. and Smith, Barney & Co. (jointly). **Bids**—Expected to be received in late April.

Richfield Oil Corp.
Jan. 6 it was reported that company may late in January announce its financing plans, which are not yet completed. **Underwriter** — May be Merrill Lynch, Pierce, Fenner & Beane, New York.

Riddle Airlines, Inc.
Oct. 21 it was announced company plans to register with the SEC an issue of new common stock, the number of shares and the price at which they will be offered not yet determined. The authorized common stock has been increased from 7,500,000 to 15,000,000 shares. **Proceeds**—To finance route expansion and for working capital. **Underwriter**—James H. Price & Co., Inc., Coral Gables, Fla. and New York, N. Y., handled previous public offering of 500,000 shares of common stock at $3.25 per share in July, 1956.

Sierra Pacific Power Co. (4/16)
Jan. 27 it was also reported that the company plans to offer to its common stockholders the right to subscribe for 57,362 additional shares of common stock (probably with an oversubscription privilege). **Proceeds**—For construction program. **Underwriter**—Exemption from competitive bidding to be sought. Stone & Webster Securities Corp. and Dean Witter & Co. (jointly) were only bidders for last rights offer, which was on a competitive basis.

Sierra Pacific Power Co. (4/23)
Jan. 27 it was reported company plans to issue and sell $3,000,000 of first mortgage bonds due 1988. **Proceeds**—To repay bank loans and for construction program. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; Stone & Webster Securities Corp. and Dean Witter & Co. (jointly). **Bids**—Tentatively scheduled to be received on April 23. **Registration** — Planned for March 25.

Southern Counties Gas Co. of California
Dec. 16 it was reported company plans to issue and sell in March, 1958, $15,000,000 of first mortgage bonds. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; White, Weld & Co.; Merrill Lynch, Pierce, Fenner & Beane.

Southern Nevada Power Co.
Dec. 3 it was announced company plans to raise in mid-1958 between $5,000,000 and $6,000,000 new capital, about two-thirds of which will be through bond financing and the balance through common stock financing. **Underwriter**—For stock, may be Hornblower & Weeks, William R. Staats & Co. and The First California Co. (jointly). For bonds, to be determined by competitive bidding. Only bidders in 1956 for $4,000,000 bonds were Halsey, Stuart & Co. Inc.; Hornblower & Weeks and William R. Staats & Co. (jointly).

Spur Distributing Co., Nashville, Tenn. (2/19)
Bids will be received by the Attorney General of the United States, Office of Alien Property, up to 11 a.m. (EST) on Feb. 19 for the purchase from the Government of 73,039 shares of common stock (no par), which represents 55.5% of the company's issued and outstanding common stock. An offer to purchase the stock for $5,038,103 has been received by the Attorney General, who has agreed to accept such offer unless a higher acceptable bid is received.

Toledo Edison Co.
Jan. 20 it was reported company plans to issue and sell about $15,000,000 of first mortgage bonds in April or May of this year. **Proceeds**—To repay bank loans. **Underwriter**—If issue is not placed privately, underwriter may be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; Eastman Dillon, Union Securities & Co.; and Salomon Bros. & Hutzler (jointly); Carl M. Loeb, Rhoades & Co.; The First Boston Corp.; White, Weld & Co.

Tuttle Engineering, Inc., Arcadia, Calif.
Nov. 6, Harry Oedekerk, Chairman of the Board, announced corporation plans a public stock issue in the near future. **Proceeds**—For working capital and other corporate purposes.

Union Electric Co. (Mo.) (3/5)
Nov. 11 it was reported company plans to issue and sell approximately $35,000,000 first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers and Bear, Stearns & Co. (jointly); White, Weld & Co., Blyth & Co., Inc., Eastman Dillon, Union Securities & Co. and Shields & Co. (jointly); The First Boston Corp. **Bids**—Expected to be received on March 5.

• United Gas Improvement Co. (5/13)
Jan. 28 it was reported company plans to issue and sell $15,000,000 of first mortgage bonds. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp.; Kidder, Peabody & Co.; White, Weld & Co.; Merrill Lynch, Pierce, Fenner & Beane and Eastman Dillon, Union Securities & Co. (jointly). **Bids**—Expected to be received on May 13. **Registration**—About April 11.

Virginia Electric & Power Co. (6/10)
Dec. 26 it was reported company plans to issue and sell $25,000,000 bonds or debentures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Salomon Bros. & Hutzler; White, Weld & Co.; Eastman Dillon, Union Securities & Co.; Stone & Webster Securities Corp.; Kuhn, Loeb & Co. and American Securities Corp. (jointly). **Bids**—Tentatively expected to be received on June 10.

• Virginia & Southwestern Ry. (3/6)
Company plans to sell $5,000,000 bonds. **Proceeds**—To redeem similar amount due April 1, 1958. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Salomon Bros. & Hutzler. **Bids**—To be received up to noon (EST) on March 6 at Room 2018, 70 Pine St., New York 5, N. Y.

Washington Natural Gas Co.
Oct. 18 the directors authorized the sale of $5,000,000 in debentures. **Proceeds**—For expansion program. **Underwriter**—Blyth & Co., Inc., San Francisco and New York.

Our Reporter's Report

The new issue market is back once again, it seems, at the point where equities are moving with a great deal more celerity than new debt securities. As fas as the latter are concerned the situation has not changed very much within the past week.

The underwriting industry had been more or less reconciled to just such a condition as prevails for the duration of the Treasury's refinancing operation. This vast $16.5 billion project winds up today and the atmosphere is expected to clear considerably once it is out of the way.

The more sophisticated in the business evidently are not disposed to get too excited over the sharp drop recorded in the Treasury's cost of borrowing money on bills this week. They calculate that this development was tied in partially at least with the vast refunding effort.

Many corporate investors found little or no appeal in the Treasury's offering, particularly those who have need of their funds in the near-term future for other purposes as, for example, March 15 income tax payments.

Holders of maturing obligations, finding themselves in such position, have been sellers of the issues coming due and have been piling their funds into Treasury bills for a temporary investment. This naturally tended to distort the current week's picture of the situation in Treasury bills.

Bonds vs. Stocks

Investors again were showing a tendency to stand aside and look the situtaion over so far as debt securities were concerned. But at the same time, underwriters with equity offerings going to market were able to report splendid reception.

Bell Telephone of Pennsylvania's offering of debentures of 31-year maturity, rated triple A and brought out a week ago on a 3.65% yield basis, still were reported as dragging along in underwrifers' and dealers' hands. The same held true of Central Power & Light's $12,000,000 of 4% bonds brought out this week to yield 3.90%. This single A rated offering also was said to be slow in getting away to investors.

Meanwhile, Texas Utilities Co.'s 340,000 shares of common stock was reported in brisk demand and Tennessee Gas Transmission Corp.'s million shares of common also was snapped up in good fashion.

Big One Ahead

Investment bankers and their distributing affiliates were girding for next week's General Motors Acceptance Corp. offering of $150,000,000 of 21-year debentures.

The maturity of this issue should make it attractive to many portfolios, particularly if the price is right. And, since it is a negotiated offering, prospective buyers found little to concern them on that score.

Moreover, despite the shift in basic monetary conditions from firmness to relaxation, this issue will be fortified by a non-callable provision during the first five years.

Other New Issues

The only other corporate debt issues on schedule next week, that is of any size, is Indiana & Michigan Electric Co.'s $25,000,000 of bonds which will be up for bids on Thursday.

Meantime, on Monday, Shell Transport & Trading Co. Ltd., opens books for subscriptions for new common by holders of its New York Shares. Holders of record Jan. 17 will be eligible to subscribe for new shares in the ratio of one for each ten held with rights expiring March 3.

Southern California Edison Co., on Tuesday will be offering through bankers a million shares of $25 par preferred stock and on Thursday Southwest Gas Corp. has 40,000 shares of common slated for market.

Shareholders Trust Names W. J. Kirk

BOSTON, Mass. — William J. Kirk, Executive Vice - President and Director of the Boston investment counsel firm of John P. Chase, Inc., has been elected to the Board of Trustees of Shareholders' Trust of Boston.

Mr. Kirk is a Director of Allied Research and Service Corporation, a Director of Unified Funds and Unified Reserve Life Insurance Company of Indianapolis, and a Director of the Josiah Willard Hayden Recreation Centre, Inc.

Pope Yeatman, Jr.

Pope Yeatman, Jr., a Vice-President of Suplee, Yeatman, Mosley Co., Incorporated, of Philadelphia, passed away Jan. 28, at the age of 53.

Joins Mountain States

DENVER, Colo.—James H. Nieman has joined the staff of Mountain States Securities Corporation, Denver Club Building.

Southern States Secs.

ATLANTA, Ga. — Southern States Securities Corporation has been formed with offices at 64 Ponce de Leon Avenue to engage in a securities business. William G. Hays, Jr. is President-Treasurer, James B. Sanders, Vice-President and Robert E. Sherwood Vice-President and Secretary.

Form Covington Inv. Co.

ROCKINGHAM, N. C.—Covington Investment Company has been formed with offices at 104 West Washington Street. Officers are John W. Covington, Jr., Chairman of the Board; William H. Entwistle, Sr., President and Treasurer; Henry D. Ledbetter, Secretary; Walter S. Covington, Russell E. Bennett, Jr. and Robert L. Philips, Vice-Presidents.

With Investment Service

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Jack Durnin has been added to the staff of Investment Service Co., First National Bank Building.

Three With Coburn Firm

(Special to THE FINANCIAL CHRONICLE)

HARTFORD, Conn.—Francis J. Coughlin, Albert E. Moseley and Angelo L. Rodia have become associated with Coburn & Middlebrook, Incorporated, 100 Trumbull Street.

With The Ohio Co.

(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, Ohio — James J. Ganyard is now with The Ohio Company, 15 North High Street.

Harris, Upham Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — John W. Gilbert, Jr. has been added to the staff of Harris, Upham & Co., 523 West Sixth Street.

Reed, Lear Co. Branch

CORRY, Pa.—Reed, Lear & Co. has opend a branch office at 7 South Center Street, under the management of George N. Orcutt.

Continued from page 4

The State of Trade and Industry

he does not believe the February unemployment figure will exceed 4,500,000, adding: "I would expect that in March and April you would see a slight decline, with a more decided decline in unemployment in May and June."

Declaring that he looks for a business upturn by mid-year, he cited factors likely to stimulate business and listed a 75% increase in defense orders in the first six months of the year.

In the automotive industry, new car sales this month will show a 18.5% slump under January of last year, "Ward's Automotive Reports" predicted on Friday of last week.

Dealer new car stocks, meanwhile, have piled up to 800,000 units, "Ward's" noted, for a 24% increase over last year at this time and near the 1957 peak of 832,000 posted in August.

It was further noted by this trade weekly that "the extent of the fall-off in car sales is strongly indicative of the public's apathy to purchase at retail near the year-ago level." January new car sales are estimated near 400,000 units compared to 490,000 during the month a year ago.

The statistical publication estimated January car production at 494,100 units, a 23% decline from the 642,090 autos built in the same 1957 month. Truck production this month fell 14% to 81,200 units as against 94,138 trucks in January last year.

Scheduled last week were 109,234 cars and 18,673 trucks compared with 107,234 and 18,245 the week before. In the corresponding week a year ago the totals were 140,411 cars and 22,953 trucks. General Motors Corp. accounted for 56.5% of the week's car output, Ford Motor Co. 27.9%, Chrysler Corp. 12.1% and American Motors Corp. 3.4%. Studebaker-Packard Corp. did not assemble cars the past week, "Ward's" reported.

Lincoln's Wixom, Mich., factory was the only site slating a Saturday program, while several other plants enacted production cutbacks, this trade paper added. DeSoto in Detroit was shut down all week and three Mercury plants also took the week off. Elsewhere, Friday operations were cancelled at Buick's Flint plant by Pontiac at Pontiac, Mich., and by six Ford Division plants. In addition, four of General Motors' Buick-Oldsmobile-Pontiac facilities likewise observed four-day schedules.

Labor difficulties slashed car assembly at Chrysler's Dodge Main and Kercheval-Jefferson plants the past week. The Dodge dispute was a threat to all Chrysler operations in Detroit.

Consumers added $2,300,000,000 to their instalment debt during 1957, a decline from the $2,800,000,000 increase shown for 1956 and far below the nearly $5,400,000,000 rise during 1955, the Federal Reserve Board reported.

The major gain in instalment debt during 1957 was in auto debt, which rose more than $1,000,000,000. The increase in personal loans went up slightly less than this figure.

Total consumer debt, which includes instalment and non-instalment credit, rose $2,700,000,000 for 1957. The increase in total consumer debt for last year, however, was less than the 3,400,000,000 rise during 1956 and down sharply from the $6,300,000,000 gain in 1955.

The total consumer debt at the end of 1957 was $44,800,000,000 with $34,100,000,000 of this in instalment debt.

For December, 1957, instalment debt increased by $531,000,000 compared with a rise of $587,000,000 in the like month of 1956 and $747,000,000 in December of 1955.

Steel Mills Set at 90.5% of Ingot Capacity

The steel ingot rate dropped a half point last week to 55% of capacity, but signs indicate it is bouncing near the bottom, "Steel" magazine reported on Tuesday of the current week.

The metalworking weekly declared that buying for March and early spring delivery may be up noticeably before the month's end, largely due to seasonal influences. February mill shipments, however, are likely to be down from those in January.

Structural steel activity can usually be counted upon for a surge as spring approaches. At the end of 1957, fabricators held an order backlog of 2,395,088 tons, still large although 7% below the preceding month's total. Over 1,125,000 tons are scheduled for fabrication through April.

Steel suppliers foresee burgeoning sales in products other than plates and structurals, that is, pipe, wire, bars and sheets. Warehouse volume has been off and distributors' customers should be coming more into the market for spring activity, it stated.

This trade magazine's quarterly survey of metal users indicates they're still cutting stocks but at a less rapid rate than they were. Inventories are stabilizing at the 30 to 60 day level.

Not much optimism can be found in autos, it pointed out, since automotive steel purchasers in Detroit are buying practically nothing. In fact, some scheduled February deliveries are being shoved back to March. That is one reason steelmaking operations dipped again last week. Other point-or-two drops are likely in February, it declared.

Steel prices are firm, with "Steel's" finished steel composite unchanged at $145.42 a net ton. The publication's composite on scrap prices rose $1.25 last week. At $35.50 a gross ton, the index is at the highest level since October.

Freight rate advances, originally scheduled to go into effect Feb. 1, have been postponed until Feb. 15, presumably to permit shippers to present arguments against the proposed increases. Finished steel products are not directly affected, but the cost of making the finished items would rise, it further noted.

In analyzing the prospects for a business upturn later this year, "Steel" declared that consumers have the buying power to turn the tide. A combination of relatively high personal income, prospects of wage increases in key industries and a leveling off in the inflationary spiral could be a potent force in the upturn.

Machine tool builders think 1958 will be a "valley" year, but it won't fall to the level of the late 1940's. Incoming net orders for machine tools hit their lowest level in December at $18.6 million, since October, 1949, but 69 builders told the publication they expect the rate of new orders to pick up in the third quarter.

Makers of industrial furnaces and induction heating equipment expect their volume of new orders to swing upward in the second half. Sales this year may match or slightly exceed the 1957 level of $79,600,000.

In a look at labor news affecting metalworking, the magazine pointed out that the negotiated wage rise may be slowing. During the first weeks of 1958, gains were about 1 cent less than they were in the same period of 1957.

The American Iron and Steel Institute announced that the operating rate of steel companies, having 96.1% of the steel-making capacity for the entire industry, will be an average of 90.5% of capacity for the week beginning Feb. 3, 1958, equivalent to 1,454,000 tons of ingot and steel for castings (based on average weekly production for 1947-1949) as compared with an actual rate of 90.8% of capacity, and 1,459,000 tons a week ago.

The industry's ingot production rate for the weeks in 1958 is based on annual capacity of 140,742,570 net tons as of Jan. 1, 1958.

For the like week a month ago the rate was 94.3% and production 1,515,000 tons. A year ago, the actual weekly production was placed at 2,485,000 tons, or 154.7%.

Index of production is based on average weekly production for 1947-1949.

Electric Output Trended Lower for the 3rd Straight Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Feb. 1, 1958, was estimated at 12,238,000,000 kwh., according to the Edison Electric Institute.

For the week ended Feb. 1, 1958, output declined 161,000,000 kwh. under that of the previous week and declined 84,000,000 kwh. or 0.7% below that of the comparable 1957 week but increasedl by 788,000,000 kwh. above that of the week ended Feb. 4, 1956.

Car Loadings Dipped 3.8% Below Prior Week and 17.3% Under Like Period in 1957

Loadings of revenue freight for the week ended Jan. 25, 1958, were 21,686 cars or 3.8% below the preceding week, the Association of American Railroads reports.

Loadings for the week ended Jan. 25, 1958, totaled 550,66? cars, a decrease of 115,078 cars, or 17.3% below the corresponding 1957 week and a decrease of 141,183 cars, or 20.4% below the corresponding week in 1956.

Automotive Output Continued Modest Rise of Previous Week

Automotive production for the week ended Jan. 31, 1958, according to "Ward's Automotive Reports," turned upward, but passenger car output for the month of January is expected to fall 23% below the like month in 1957.

Last week's car output totaled 109,234 units and compared with 107,495 (revised) in the previous week. The past week's production total of cars and trucks amounted to 127,907 units, or an increase of 2,167 units above that of the preceding week's output, states "Ward's."

Last week's car output advanced above that of the previous week by 1,739 cars, while truck output rose by 428 vehicles during the week. In the corresponding week last year 140,411 cars and 22,953 trucks were assembled.

Last week the agency reported there were 18,673 trucks made in the United States. This compared with 18,245 in the previous week and 22,953 a year ago.

Canadian output last week was placed at 5,880 cars and 1,110 trucks. In the previous week Dominion plants built 5,217 cars and 1,012 trucks and for the comparable 1956 week 7,873 cars and 1,686 trucks.

Lumber Shipments Rose 0.4% Above Output in Week Ended January 25, 1958

Lumber shipments of 487 reporting mills in the week ended Jan. 25, 1958, were 0.4% above production, according to the National Lumber Trade Barometer. In the same period, new orders were 7.5% above production. Unfilled orders amounted to 28% of stocks. Production was 1.8% below; shipments 1.5% above and new orders were 1.8% below the previous week and 13.1% above the like week in 1956.

Business Failures Eased Slightly in Past Week

Commercial and industrial failures dipped to 326 in the week ending Jan. 30 from 333 in the preceding week, according to Dun & Bradstreet, Inc. However, casualties exceed the 320 in the similar week a year ago and the 273 in 1956. Three per cent more businesses failed than in comparable week of prewar 1939 when 318 occurred.

Failures with liabilities of $5,000 or more continued up to 285 from 271 in the previous week and 258 last year. All of the week's decline was concentrated among casualties involving liabilities under $5,000, which fell to 41 from 62 in both the preceding week and a year ago. Liabilities in excess of $100,000 were incurred by 29 of the failing concerns as compared with 32 last week.

Wholesale Food Price Index Registered No Change From Preceding Week

The wholesale food price index, compiled by Dun & Bradstreet, Inc., was unchanged from the previous week at $6.52, continuing at the highest level since April 1955. The index was 5.8% higher than the $6.16 of the similar date a year ago.

Commodities quoted higher the past week were corn, rye, oats, hams, bellies, cheese, tea and lambs. Declines took place in the price of flour, wheat, lard, sugar, coffee, cottonseed oil, cocoa, eggs, prunes, steers and hogs.

The index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use and its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Rose Fractionally The Past Week

Increased prices of cheese, cocoa, sugar and hogs helped boost the general commodity price level last week. The Dun & Bradstreet wholesale commodity price index rose fractionally

to 276.65 on Jan. 27 from 276.54 a week earlier. The year ago level was 298.66.

Most grain futures price levels dipped during the week and wholesalers anticipate further declines in the next few weeks. Early in the week a report that the Government was withdrawing its stocks of some corn from export stimulated corn trading and prices rose slightly. However, at the end of the week corn prices fell to the lowest levels since 1949.

Trading in rye and oats was sluggish and prices fell noticeably. Although wheat prices were moderately below those of the preceding week, they rallied somewhat at the end of the period on reports of proposed farm legislation in Washington. The buying of soybeans slackened, resulting in a dip in prices.

Although some scattered fill-in orders for flour were reported the past week, prices were unchanged from the preceding period. Flour receipts at New York railroad terminals amounted to 33,079 sacks with 18,814 for export and 14,265 for domestic use.

There was a noticeable rise in rice trading with prices holding at the levels of a week earlier. Export sales to Cuba picked up noticeably. The buying of sugar improved substantially with wholesalers reporting a slight rise in futures prices.

Coffee prices fell moderately in both the cash and futures markets during the week and trading lagged. Transactions in cocoa futures were close to those of the preceding week and prices rose somewhat. Rubber wholesalers reported a slight decline in trading which brought about a moderate decline in prices.

Hog prices in Chicago climbed considerably in the middle of the week, but eased somewhat at the end of the period. Hog receipts were noticeably below those of both the prior week and the similar 1957 period. Purchases moderately exceeded those of the preceding week. Trading in steers improved during the week, with prices sustained at week earlier levels. Cattle receipts in Chicago fell moderately from the prior week. Increased trading boosted lamb prices sharply over those of a week earlier. Lard prices declined moderately as a consequence of sluggish trading.

Following a moderate upturn at the beginning of the period, cotton futures prices fell noticeably, finishing the week slightly below those of the previous week. The decline was attributed to renewed uncertainty of the possibility of a change in the support legislation for the 1958 crop, a higher than expected ginnings report and indications that the Department of Agriculture was working on a new export subsidy program. Ginnings from Dec. 13 to Jan. 16 were at a record 1,432,000 bales boosting the amount ginned from the start of the season to Jan. 16 to 10,633,000 bales.

Although trading in synthetic finished goods picked up substantially, wholesalers reported that prices remained close to those of a week earlier, due to high inventories. Over-all activity in cotton gray goods was sluggish again the past week.

Trade Volume the Past Week Approximated That of Like Period a Year Ago

Rainy and cold weather discouraged consumer buying in many areas the past week and total volume was close to that of the similar week last year. Gains from a year ago in sales of furniture and some lines of women's apparel offset declines in major appliances, linens and men's apparel. Spot reports indicate that sales of new passenger cars improved during the week and volume equalled that of a year ago.

The total dollar volume of retail trade in the period ended on Wednesday of last week was from 2% below to 2% higher than a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1957 levels by the following percentages: South Atlantic +1 to +5%; West South Central —1 to +3; Middle Atlantic and Mountain —2 to +2; East North Central, West North Central and East South Central —3 to +1; New England and Pacific Coast —4 to 0%.

Increased buying of upholstered chairs, case goods and bedding helped boost total furniture sales slightly over those of a year ago. While retailers reported moderate year-to-year declines in Volume of refrigerators and automatic laundry equipment, sales of lamps and lighting fixtures equaled those of the similar 1957 week. Interest in linens, draperies and floor coverings slackened somewhat from the level of the preceding week.

There were moderate gains from both the prior week and the comparable period last year in the buying of women's coats, dresses and sportswear. Men's apparel stores reported declines from a year ago in sales of overcoats and suits, but the call for furnishings was sustained at last year's level. Retail food sales remained close to those of a week earlier.

Wholesalers of women's apparel reported a considerable rise the past week in the buying of Spring coats, suits, dresses and millinery and volume moderately exceeded that of a year ago. Volume in sportswear and some fashion accessories was substantially higher than that of the preceding week. Appreciable week-to-week gains in purchases of men's lightweight suits and sports shirts occurred.

Although sales of furniture in most wholesale markets slackened during the week, over-all volume was close to that of the similar 1957 period. While interest in lamps and television sets equalled that of last year, the call for major appliances fell somewhat below that of the comparable week a year ago. Slight year-to-year gains took place in wholesale orders for draperies and floor coverings.

Another moderate gain occurred in transactions in man-made fibers and industrial fabrics last week, especially in rayons and acetates. Despite some scattered orders for sheetings, trading in cotton gray goods was sluggish again. While the call for woolens and worsteds lagged, some wholesalers reported a slight increase in volume in carpet wool.

Wholesale food volume expanded again the past week with the most noticeable gains in frozen foods, flour and rice. Substantial increases occurred in purchases of fresh meat, dairy products and baked goods.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended Jan. 25, 1958, declined 3% below the like period last year. In the preceding week, Jan. 18, 1958, an increase of 2% (revised) was reported. For the four weeks ended Jan. 25, 1958 an increase of 1% was reported. For the year 1957 an increase of 1% was registered above that of 1956.

Retail trade sales volume in New York City the past week made substantial gains running to about 11% above the year ago level, trade observers estimated.

An increase in the number of retail stores and good shopping weather was attributed to the good showing last week.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended Jan. 25, 1958 increased 2% above that of the like period last year. In the preceding week, Jan. 18, 1958 an increase of 4% was reported. For the four weeks ended Jan. 25, 1958, an increase of 2% was registered. For the year 1957 the index registered an increase of 2% above that of the corresponding period in 1956.

Three With Cavendish

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Clarence B. Bartell, John A. Coviello and Edward Glist are now with Cavendish & Company. Mr. Glist was formerly with Fairman & Co.

Hathaway Adds

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Virgil M. Horton, Thomas H. Pearson, Earl D. Schroeder and Vernon A. Van Horn have been added to the staff of The C. M. Hathaway Company, 1575 Sherman.

Mtg. Clubs of America

SPRINGFIELD, Mass.—Mortgage Clubs of America, Inc. is engaging in a securities business from offices at 145 State Street. Charles Hershman is President and Treasurer.

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—If you think $45.8 billion for "major national security" for fiscal year 1959 is a tremendous figure, wait until you hear some of the speculation that is taking place on Capitol Hill these days.

It is now apparent to the world that the United States is in a fight to a finish with Russia. Ten years from now some members of the Senate and House Armed Services committees are predicting that national security may be costing nearly as much as the total budget recommendation of $73.9 billion for the coming fiscal year.

Perhaps few members of Congress expected national defense to cost that high, but members of the armed service committees are expecting the cost of the defense program to go up and up in the years ahead. A paramount question is: can the country afford to spend that much for defense without something cracking wide open.

Fiscal 1959 Outlays

President Eisenhower asked Congress for a military budget of $39.8 billion, plus $2.6 billion for atomic energy and $3.1 billion for military mutual security. Expenditures for military assistance and defense support will be about the same as fiscal 1958, but the increased spending will result from the new missile and satellite programs.

The fiscal year 1959 estimated budget expenditures, in addition to $45.8 billion for "national security," includes: interest on the national debt $7.9 billion, veterans $5 billion, agriculture $4.6 billion, labor and welfare $3.7 billion, commerce and housing $1.6 billion, natural resources $1.5 billion, general government $1.4 billion, international $1.3 billion and allowance for legislation and contingencies $1.1 billion.

Some of the hard-hitting veterans of Congress are saying that probably the spectacular Russian satellite and missile program has been a good thing for this country, in that it will spur the Nation on to greater things in the scientific world.

Reciprocal Trade "Casualties"

President Eisenhower began last week sending to Congress the first of several messages he intends to dispatch urging the law-makers to pass specific proposals. A few days ago he asked Congress to make the reciprocal trade program a "must." Although there is marked opposition to all parts of the program in some quarters, extension of the program for three years appears reasonably certain of passage.

The United States last year had a one billion dollar plus sign on its trade program. This country exported more than a billion dollars more goods than it imported. Therefore, it is to the advantage of this country in a series of ways to continue the program, although it is hurting some Americans a great deal. For instance, the machine too industry and the cotton textile industry are being crippled by the imports. As a result Congress should provide in some way to take care of the hardship cases.

Interior Dept. Grows

One of the agencies of the Federal Government that has been least publicized in recent years is the Department of Interior. It is growing not only in size, but in power in the scheme of governmental affairs. Perhaps one of the reasons that it is growing in importance is because the West, where most of its jurisdiction lies, is growing in economic importance.

The Department of Interior today has complete or partial control over nearly one-fourth of all the land in the United States. These lands are so-called Federal lands. When this agency started, its major functions were to deal with the Indians and public lands in the West. Today it still deals with those subjects, but others ranging from the great Hoover Dam in Nevada and Arizona to the Everglades National Park in Florida and off shore Louisiana oil and natural gas production to a school for Eskimos in Point Barrow, Alaska.

The Department of Interior wants more money and more employees from this session of Congress. This perhaps is "operation normal" for most government agencies and bureaus and bureaucrats. The greater number of people working under a department head, the bigger the government grade and salary for the man or woman that heads it.

Added Functions

The Interior Department is designed to get much greater in size and power in this country because it controls so much of the Nation's water, land, mineral, fish and wildlife and outdoor recreation.

Besides controlling about a fourth of the land area of the Nation, the Department of Interior is selling hydroelectric power from many projects. It is also supplying water to more than 7,500,000 acres of western farmland, plus helping to direct the lives and welfare of 400,000 Indians and exercising trusteeship over 53,000,000 acres of Indian lands in 300 reservations.

The Department administers nearly 200 national parks and monuments, five territories, and 96 trusty territory island units in the Pacific. It also has jurisdiction over the fish and wildlife resources, and has the jurisdiction of leasing lands for oil and gas and other minerals. Once the Supreme Court decides the question of historic state boundaries, the Interior Department's Bureau of Land Management will have the jurisdiction to the continental shelf out in the Gulf of Mexico.

W. A. Dexheimer, Commissioner of Reclamation, says that records show that more than 500,000 people live on the 134,000 farms which the reclamation projects serve. An additional 2,000,000 people receive irrigation, municipal and industrial water from facilities supplied through project facilities of the department. This does not include the several million people in Southern California metropolitan areas served by the Colorado River aqueduct and low-cost hydroelectric power.

New Projects

The Reclamation Bureau currently has new construction underway on projects totaling about $3.7 billion. These will provide 35 million-acre feet of storage capacity to supply water to 6,570,000 acres of land. An additional 6.7 million kilowatts of electric power will be installed, thus greatly increasing the public power production for the West.

Fresh water is now recognized as our greatest natural resource. Perhaps the greatest single accomplishment of the Interior Department regarding natural resources has been the conservation of the water resources of the West. Nationwide, some 255 billion gallons of water daily are being used for all purposes. The per capita requirements are increasing at a rapid rate along with the increase in population.

It has been predicted that by 1975 the population of this country, estimated at 221,000,000, will daily need more than 453 billion gallons of water or almost twice the amount currently needed.

"Desalting" Sea Water

To help supply the water in the future, Secretary Fred A. Seaton told a group of editors the other evening of the great research program that is being conducted by the department to desalt ocean water. The Cabinet officer predicted that desalting operations will become economically feasible in the years ahead. He vowed that good progress is currently being made.

After several years of research, the Interior Department's Office of Saline Water has two improved processes under pilot plant test operation off Wrightsville Beach, N. C. Still another plant will soon go into construction for operation in Florida.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]

BUSINESS BUZZ

"Your securities are now moving away from an uncertainty to a certainty—a certainty that they're lousy!"

Witter Mun. Bond Dept. Appointees in N. Y.

The appointment of Robert W. Swinarton as manager of the municipal bond department of the New York office of Dean Witter & Co., 14 Wall Street, has been announced.

At the same time it was announced that Edward C. Kelly is now associated with Dean Witter's municipal bond department in New York as assistant manager and that Paul E. Balog has been named assistant municipal bond trader.

K. G. Davis Opens

ABERDEEN, Wash. — Kenneth G. Davis is engaging in a securities business from offices at 2001 Simpson Avenue.

With Allied Securities

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The Security I Like Best

its acquisition. The Indian He[ad] management, however, cut [o] Stifel's unprofitable items so th[at] its present sharply pared $4 mi[l]lion turnover now adds to India[n] sales.

One thread runs through t[he] peculiar ability of this manag[e]ment to turn red ink into blac[k]. Indian Head has remorseless[ly] sliced volume which did not ad[d] to profits. It did not hesitate [to] close down plants whose opera[tions] did not benefit stockholder[s].

With the benefit of retaine[d] earnings and short term ban[k] loans, the Franklin Process Co[.] whose purchase was completed i[n] December, 1957, was acquired en[tirely] for cash. Unlike previou[s] acquisitions, Franklin had an un[interrupted] record of earning[s] and dividends extending bac[k] before 1929. While book value wa[s] recorded at $8.6 million, at th[e] time of purchase, Indian Hea[d] paid $5.8 million, just about ne[t] working capital. Since the ol[d] Franklin management will b[e] retained, but under the aegis o[f] the progressive Indians, Frankli[n] in 1958 could easily match la[st] year's results and contribute be[t]ter than $2 per share to Indian[']s operating profits. Rememb[er] Indian Head Mills still has a lo[ss] carry forward of about $2½ mi[l]lion and since this amount ma[y] be increased through sale of cer[tain] of J. S. Stifel's plants, it do[es] not seem likely that the compa[ny] will have to be faced with incom[e] taxes for some time to com[e]. Since Indian Head has only 229,000 shares of common stock ou[t]standing (one-half owned b[y] management) and sales this ye[ar] may approach $50 million, the[re] is obviously enormous leverag[e]. If profit margins can be main[tained], this stock may well b[e] selling at only two times 195[8] projected earnings of $8 per share.

Still expansion minded, India[n] Head is looking for additiona[l] divisions. Management feels tha[t] many faltering or marginal con[cerns] can be operated profitabl[y] if proper steps are taken. If pas[t] record is any criterion, there wil[l] be more acquisitions and the[y] could contribute to an eve[n] greater increase in Indian's earn[ings].

If the textile market continue[s] poor, bargain hunting India[n] Head, because of its greatl[y] strengthened financial positio[n] and high level of earnings, shoul[d] continue to make excellent acqui[si]tions. When conditions improve there is no company whose pe[r] share earnings are likely to sho[w] as large a proportionate increas[e] due to its high leverage. Tw[o] times estimated 1958 earning[s] does not seem much to pay for [a] company which gives every indi[]cation of maturing into one of th[e] major factors in the textile in[]dustry.